

# The Board of Trustees of the Tate Gallery Annual Accounts 2015-2016

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

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ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 13 JULY 2016

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This publication is available at <https://www.gov.uk/government/publications>

Print ISBN 9781474133791

Web ISBN 9781474133807

ID 31051608 07/16

Printed on paper containing 75% recycled fibre content minimum

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

# Contents

	<b>Page</b>
Advisers	2
Annual report	3
Foreword	8
Remuneration report	31
Statement of Trustees' and Director's responsibilities	36
Governance statement	37
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	42
Consolidated statement of financial activities	44
Consolidated balance sheet	46
Tate balance sheet	47
Consolidated statement of cash flows	48
Notes to the accounts	49

# Advisers

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

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Millbank  
London  
SW1P 4RG

## Auditors

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National Audit Office  
157-197 Buckingham Palace Road  
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Subsidiaries:  
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## Bankers and investment managers

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WC2R 0QS

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

## Solicitors

Withers LLP  
16 Old Bailey  
London  
EC4M 7EG

Linklaters  
1 Silk Street  
London  
EC2Y 8HQ

Brachers LLP  
5 Breams Buildings  
London  
EC4A 1DY

# Annual Report

## Presentation of the financial statements

The accounts have been prepared in accordance with the Statement of Recommended Practice (the SORP) FRS102 (updated for reporting from 2016) and in compliance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport. As a result of changes to the SORP, some prior year figures have been restated; these amounts are identified throughout the accounts.

The consolidated statement of financial activities set out on page 44 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 Charity Commission.

## Aim and objectives

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

The four aims listed by the Act are to:

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

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

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

Major activities that Tate will undertake in doing this include:

- the fundraising and completion of capital projects;
- embarking upon new partnerships that open new opportunities;
- developing Tate's digital offer;
- generating revenue in addition to the amount received in Grant in Aid; and
- an enhanced programme of employee engagement.

A review of Tate's key business activities during 2015-16, including its finances and key performance indicators, has been included within the foreword, together with commentary on Tate's future development plans and its policies and performance on employees, environmental and social and community issues. Tate's reserves and investments policies are also included within the foreword.

## History of body, statutory background, organisation and structure

### History

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

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

### Background

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

The Tate Gallery was established as an independent institution by the National Gallery and Tate Gallery Act, 1954. A further 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. At an Extraordinary General Meeting of 26 February 2016, 92% of 6,436 voting members agreed to the proposal to merge the charity with Tate Gallery; this process will be enacted in 2016-17.

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

*The Tate Americas Foundation:* an independent charity based in New York that supports the work of Tate in the United Kingdom.

### Organisation and structure

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

The Museums and Galleries Act 1992 defines the establishment, constitution, functions and property of the Board of Trustees. The role of the Board of Trustees is to determine policy and set the strategic direction for Tate. The Board oversees the management of the gallery, with the Trustees acting as guardians of the public interest.

The Board decides on major acquisitions and resource allocations. It represents Tate externally, monitors the organisation's performance against its agreed objectives and targets and ensures the stewardship of public funds.

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

Trustees serving in the period 2015-16 were:

The Lord Browne of Madingley (Chairman)

John Akomfrah, OBE (from 8 June 2015)

Lionel Barber

Tom Bloxham, MBE

Tim Davie (from 5 October 2015)

Mala Gaonkar

Maja Hoffmann

Lisa Milroy

Elisabeth Murdoch

Franck Petitgas (until 17 February 2016)

Dame Seona Reid, DBE

Hannah Rothschild

Monisha Shah (until 31 July 2015)

Gareth Thomas

Stephen Witherford (from 8 June 2015)

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

Executive Group, consisting of Tate's senior Directors, considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for Tate. Directors Group, chaired by Tate's Director, serves as a forum for consultation and discussion on important strategic, policy and operational issues and a decision-making body on Tate-wide policy issues without resource implications.

The directors serving in the period 2015-16 were:

Sir Nicholas Serota: Director, Tate\*

Achim Borchardt-Hume: Director of Exhibitions, Tate Modern (from 8 April 2015)

Caroline Collier: Director, Partnerships and Programmes\*

Penelope Curtis: Director, Tate Britain\* (until 31 July 2015)

Anna Cutler: Director of Learning

Gerry Dawson: Director, Information Systems

Chris Dercon: Director, Tate Modern\*

Alex Farquharson: Director, Tate Britain\* (from 23 November 2015)

Ann Gallagher: Director of Collections, British Art (from 8 April 2015)

Rosemary Lynch: Director of Collection Care



Francesco Manacorda: Artistic Director, Tate Liverpool

Kerstin Mogull: Managing Director\*

France Morris: Director of Collections, International Art (from 8 April 2015)

Judith Nesbitt: Director of National and International Programmes (from 8 April 2015)

Andrea Nixon: Executive Director, Tate Liverpool

Mark Osterfield: Executive Director, Tate St Ives

Cheryl Richardson: Director, Human Resources

Sam Thorne: Artistic Director, Tate St Ives (until 11 February 2016)

Rebecca Williams: Director of Audiences and Development\* (until 12 April 2016)

Stephen Wingfield: Director of Finance and Estates\*

\* indicates members of the Executive Group.

## Conflicts of interests

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

## Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of the Code of Practice for Ministerial Appointments to Public Bodies, issued by the Office of the Commissioner for Public Appointments. A new Code of Practice took effect from 1 April 2012. Three new Trustees were appointed in 2015-16: John Akomfrah, Tim Davie and Stephen Witherford.

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

The key stages of the appointment are conducted by a panel, which will normally include the Chairman of the Board and one or two Trustees. In 2013-14 the DCMS announced that it would appoint an independent member to the panel of each Trustee appointment process. The appointment process has normally been overseen by the Chairman of the Board, as Chair of a panel.

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

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

After the retirement of Monisha Shah on 31 July 2015, Lisa Milroy took office as the liaison Trustee sitting on the Board of the National Gallery. She will continue to serve in this capacity until her retirement on 19 July 2017.

## Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2016 was £57,000 (£54,000 in 2014-15).

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

Signed

*Sir Nicholas Serota*  
Director, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

# Foreword

The accounts have been prepared in accordance with the Statement of Recommended Practice (the SORP) FRS102 (updated for reporting from 2016) under a direction issued by the Secretary of State for Culture, Media and Sport under the Museums and Galleries Act 1992.

## Review of activities in 2015-16

The key achievements of 2015-16 include:

- several high profile exhibitions including: *The World Goes Pop* and *Alexander Calder* at Tate Modern; *Barbara Hepworth* at Tate Britain; *Pollock* at Tate Liverpool;
- the completion of the external work and the handover of the new Tate Modern in preparation for the opening on 17 June 2016;
- the commencement of the main construction contract for the extension to Tate St Ives;
- the appointment of new directors of Tate Britain and Tate Modern, Frances Morris taking up the latter on 1 April 2016;
- a number of digital successes, including the installation of the Bloomberg Timeline of modern art.

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

## A new set of objectives

Tate's vision is 'to champion art and its value to society'. The objectives that it pursues within this are:

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

This year, they have been used as the basis for the development of a corporate plan that covers the period from 2016-17 to 2019-20. All of Tate's activities contribute to these objectives.

## Championing art and artists

### Collection

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

Following a period in which the Collection has been developed, strengthening the representation of work from areas in need of greater focus, such as work by women artists and work from areas of the world that have in the past been marginalised, much activity this year has been behind the scenes, preparing work in the Collection for inclusion in the displays in the new Tate Modern. In 2015-16, this included the installation of work in two suites of galleries in the existing Boiler House. These included iconic works from the Collection, including Picasso's *Weeping Woman* and Mark Rothko's *Seagram Murals* and major work by artists working today, such as a room devoted to Gerhard Richter. These sit alongside lesser-known but vitally important work, such as Ibrahim El-Salahi's *Reborn Sounds of Childhood Dreams I* and Malangatana Ngwenya's untitled work of 1967, depicting the suffering endured in Mozambique during the War of Independence from Portugal.

The most significant international works acquired this year include: the sculpture *Pink Tons* by the American artist Roni Horn; *Martyrs*, a major installation for St Paul's Cathedral by Bill Viola, (partly gifted by the artist); and the presentation of a historic painting *A Thousand Times* by the surrealist painter Yves Tanguy, bequeathed by Eugene and Penelope Rosenberg. Tate also acquired a unique and important mixed media work, *Valentine* (1966) by Evelyne Axell, with the support of the International Council.

In December, Tate was grateful and fortunate enough to announce the gift by the artist of a series of works on paper by Ed Ruscha. These will be part of ARTISTS ROOMS and Ruscha has generously pledged to add to it with an edition of each print he produces from hereon in. Additional works gifted to ARTISTS ROOMS this year include an important group of self-portraits from the Robert Mapplethorpe Foundation. The ongoing work of the Tate Americas Foundation made possible acquisitions and loans of major works by Lynda Benglis, Gego, Norman Lewis and Hannah Wilke.

Two key pre-1900 British works were purchased by Tate in 2015-16: Theodora von Holst, *The Bride* 1842 (funded by Tate Members) and Joan Carlile's *Portrait of an Unknown Lady* 1650-5 (funded by Tate Patrons). The latter is the earliest work by a woman artist held in the Collection. Tate Britain also saw the re-introduction to the programme of Art Now, showcasing British artists working in Britain today. BP Spotlights have also given focus to particular areas of the Collection, an example being *Hockney's Double Portraits* which saw three major works from the Tate Collection presented together for the first time, marking the first display in the UK of *George Lawson and Wayne Sleep* 1972-5, which the artist generously presented to Tate in 2014. Meanwhile, another BP Spotlight, *Art and Alcohol* featured works from across the different periods covered by the Tate Collection, including George Cruikshank's *Worship of Bacchus* 1860-2 and Gilbert and George's wall-mounted montage of progressively blurred photographs of drinkers in a London bar, *Balls: The Evening Before the Morning After – Drinking Sculpture* 1972.

2015-16 was the 10th year of DLA Piper's sponsorship of the Collection displays at Tate Liverpool and the last year of their support for *DLA Piper Series: Constellations*. DLA Piper's support has enabled exciting and diverse Collection displays at Liverpool including this year a re-hang of the second floor Collection display galleries. These displays feature works by many iconic artists including Joseph Beuys, Grayson Perry, Richard Hamilton and Louise Bourgeois. As well as featuring great works from the Tate Collection it made links with Peter Blake's *Dazzle Ferry* design by displaying his work *The Masked Zebra Kid* 1965 as part of a British pop art constellation. In November, Tate Liverpool also launched its *Works to Know by Heart*. A highlight was *Matisse in Focus* centred on *The Snail* 1953. Tate Liverpool became the first and only UK venue outside London to exhibit it, offering a unique opportunity for audiences in the north of England to see this masterpiece and one of the Tate Collection's finest works. In the first 3 months of opening it attracted approximately 60,000 visits.

## Programme

In recent years Tate has worked to develop the representation of female artists in the Collection; this year, this has also been a strong feature of its exhibition programme in 2015-16. Tate Modern hosted major exhibitions of *Marlene Dumas*, *Sonia Delaunay* and *Agnes Martin*, while Tate Britain hosted the first major retrospective of Barbara Hepworth's work in nearly fifty years and Tate Liverpool staged the first solo exhibition in the UK of work by Romanian artist, Geta Brătescu in its Wolfson Gallery.

As the representation of female artists in the programme shows, exhibitions at Tate Modern foreshadowed many of the approaches to the displays and programme that will feature in the new building. *The World Goes Pop*, for instance looked at Pop Art from a truly international perspective and, in the latter part of the year, *Performing for the Camera* looked at the artist's presentation of the self through photography. The programme therefore balanced international art, both old and new, photography and the re-examination of the work of more recognised and established artists. In the latter category, *Alexander Calder* looked at the performative element of his work and featured loans hitherto little seen in public.

The first of the Hyundai Turbine Hall installations was undertaken by the Mexican artist, Abraham Cruzvillegas, whose *Empty Lot* comprised a grid of triangular wooden planters, each filled with soil collected from parks across London. In May, the Turbine Hall was animated by Boris Charmatz's *Musée de la Danse*, a consideration of how dance might transform the museum that took the form of both performance and participation on the part of the audience.

At Tate Britain, a major retrospective of the work of Frank Auerbach put much-needed public and critical focus on the work of one of Britain's greatest painters. Showing at the same time, *Artist and Empire* looked at the cross-cultural influences of the imperial past and explored how artists from Britain and around the world have responded to the dramas, tragedies and experiences of the Empire. Earlier in the year, *Salt and Silver* was the first exhibition in Britain devoted to salted paper prints, one of the earliest forms of photography. *Barbara Hepworth: Sculpture for a Modern World* was the major summer show, the first major exhibition focusing on her work to be held in London for over fifty years, situating it in an international context.

Outside the gallery, a garden based on Hepworth's textile designs was installed for the duration of the exhibition. This was accompanied by the display of her *Figure for a Landscape* 1959-60, on long-term loan from a private collection and displayed on the lawn in front of the gallery. Inside the gallery, Christina Mackie's Sotheby's Duveens Commission filled half of the central exhibition galleries with 12-metre-high dipped silk nets suspended above pans of semi-crystallised dye.

The major show at Tate Liverpool this year was *Jackson Pollock: Blind Spots*, an exhibition organised in partnership with the Dallas Museum of Art. The programme also featured *Glenn Ligon: Encounters and Collisions*, a collaboration with Plus Tate partner Nottingham Contemporary. In the Wolfson Gallery, Tate Liverpool also displayed the first solo exhibition in the UK of work by Romanian artist, Geta Brătescu. The display presented highlights from the artist's remarkable body of work including a new commission for a site-specific collage that will remain in the gallery until May 2016.

Outside the gallery and on the River Mersey, the 14-18 NOW WW1 Centenary Art Commissions and Tate Liverpool came together to commission Sir Peter Blake to create a dazzle design in partnership with Merseytravel and National Museums Liverpool for the Mersey Ferry. Entitled *Everybody Razzle Dazzle*, the ferry can be seen every day on the River Mersey as commuters and tourists alike enjoy the River Explorer service. Sir Peter was also commissioned to update the Tate Liverpool Café using motifs from the *Everybody Razzle Dazzle* design. Supported by The Bloxham Charitable Trust the installation comprises both a prominent new mural and a special set of maritime signal flags. The new look and feel for the café was conceived by the Liverpool based design practice Architectural Emporium.

The summer exhibition at Tate St Ives was *Images Moving Out Onto Space*, which featured the work of eight artists using different modernist practices from minimalism to kinetic art, to Op Art. The exhibition also featured a room curated by artist in residence Nicolas Deshayes featuring a personal selection of bronzes from the Tate Collection, presented on a series of the artist's existing anodised surfaces. In order to undertake some of the necessary internal work during the transformation project, the gallery was closed during the autumn and winter. During this time, Tate St Ives partnered with the Plus Tate partner gallery, Newlyn Exchange to mount an exhibition of the work of Terry Frost.

### **Developing a sustainable operating model for the future**

Government subsidy remains the single largest element of Tate's income and it is vital in providing for the running costs of the Gallery overall. Tate is already highly efficient and generates the majority of its funding for itself, but in recent years has concentrated on both finding new sources of revenue and consolidating existing ones.

### **Tate Enterprises Limited**

2015-16 was a time of transition for Tate Enterprises as preparations were made for the opening of the new Tate Modern. This included remodelling the exhibition shop, developing new product ranges and preparing three new books focusing on the building and the Collection. More widely, work continued to develop Tate's print offer, with the release of seven new limited editions with sales contributing nearly £200,000 to revenues. Tate Enterprises continued to invest in online and IS infrastructure and has played a fundamental part in a project that is described in greater detail below in the context of audiences and improving Tate's digital infrastructure to provide the user with a seamless experience. This has involved work that will enable people to buy both tickets and products from Tate's shops in the same transaction and provide the organisation as a whole with an understanding of its audiences and customers in the round.

Similarly, Tate Catering's focus this year was preparation for the new Tate Modern. A number of outlets in the existing building were refurbished in time for the opening in 2016 when the public will have the choice of six separate outlets giving a range and choice of different offers. Work this year has also focused on the design, fit-out and implementation of the restaurant, Kitchen and Bar, bar and café in the Switch House. All of these will offer new menus, which have been designed and tested this year and, on opening in June 2016, there will be a range of options for visitors that will cater from a special meal in the ninth floor restaurant with a view over London's skyline, to those simply wanting a sandwich. Meanwhile, at Tate Britain, the Rex Whistler restaurant has been established as a destination restaurant in its own right, winning plaudits as one of the premier museum restaurants in the world.

### **Funding, sponsorship and donations**

Tate relies on a wide variety of sources for its income. The settlement of Grant in Aid at the current level for the next four years, plus additional funding to reflect the increase in size of Tate Modern announced in the Spending Review of November 2015, has provided valuable certainty, but it will not take into account the costs of inflation and so significant challenges remain. To meet these, Tate consistently maintains and grows income from individual, foundation, public sector and corporate supporters. At the same time, the support that visitors,

Members and Patrons provide is fundamental to the delivery of the public programme. Tate is grateful for all of the support that it receives.

In 2015-16, support for exhibitions and programmes came from a wide variety of sources. Major sponsorships continued, for example the *Musée de la Danse* was part of BMW live programme and also at Tate Modern, *Sonia Delaunay* and *The World Goes Pop* continued the series of exhibitions sponsored by EY. Sponsorship can also take different forms, an example being *Frank Auerbach* at Tate Britain, where support from many individuals came together as part of the *Frank Auerbach* Exhibition Supporters Group. Other major supporters of the Tate Modern exhibition programme came from The Terra Foundation for American Art, which supported both *Agnes Martin* and *Alexander Calder: Performing Sculpture*. *Agnes Martin* also enjoyed a significant grant from the Henry Luce Foundation with additional support from the *Agnes Martin* Exhibition Supporters Group.

Artists also make a significant contribution to Tate through gifts of their work and Tate is extremely grateful for this. The generous gift made by Ed Ruscha to the ARTIST ROOMS Collection has already been mentioned. Families as well as artists themselves also provide generous support to Tate through such gifts. This, year, for example, Philip Trevelyan presented five works by his father Julian Trevelyan and one by his step-mother, Mary Fedden.

Tate's Acquisitions Committees are a vital help in Tate achieving its ambitions in collecting in new areas and kinds of art. This year with the support they have contributed a combined income of around £2 million from a network of over 300 supporters; membership has also grown, reflecting the success and appeal of the committees.

Beyond the programme and Collection, a number of specific projects and activities also benefit from the generous support of individuals and sponsors. In January 2016, Tate welcomed the second cohort of international fellows as part of the scheme funded by the Rory and Elizabeth Brooks Foundation and hosted in partnership with Delfina Foundation. Elsewhere, Tate Photography was able to acquire a new digital x-ray machine thanks to a grant from R & S Cohen Foundation and The Public Talks and Communities Programmes has been funded by the J Isaacs Charitable Trust, supporting the development of Tate's adult learning programming.

In 2015-16, a number of further partnerships were announced. Tate, The Museum of Contemporary Art Australia (MCA) and Qantas are partners in an International Joint Acquisition Programme for contemporary Australian art. Made possible through a corporate gift from the Qantas Foundation, it will enable a five-year joint programme through which major works by contemporary Australian artists will be acquired for the collections of Tate and MCA, owned and displayed by both institutions. It was also announced that Microsoft would take over the sponsorship of the IK Prize in 2016, while at the end of 2015 Tate and Hyundai Card announced a new, three-year partnership to support acquisitions and exhibitions of photography.

Tate is also grateful for the support of Patrons and Members. It was a significant step this year that Tate Members voted to merge the charity with Tate at an Extraordinary General Meeting held on 26 February 2016 and the assets and liabilities of Tate Members will be transferred to Tate on 1 April 2016. This will bring Members officially into decision-making at Tate by giving them greater prominence in the Council and Committee structure; a Trustee will also join Tate Members Council and provide a closer link between the Board and Members. Martin Creed undertook the Members Commission, producing a new mural for the Members Room at Tate Modern and new designs for Tate Members literature and passes.

Fundraising has continued for the new Tate Modern, with several major donors confirmed this year. At the same time, fundraising has continued for Tate St Ives. There was also a major success in public sector fundraising; funding via a second grant from Arts Council England Strategic Touring Fund and the continued support of the Art Fund (a partner since 2009) will enable a further three-year programme of a scheme that has brought the benefits of ARTIST ROOMS to members of the public throughout the UK.

## Completing the capital programmes

In September 2015, the opening date of the new Tate Modern was announced as 17 June 2016. The building was handed over to Tate in March and the work to install the new Collection displays began. Over eight hundred works will feature across the Boiler House and the new Switch House, as well as in the re-opened Tanks. In the period before the handover of the new building in March, Collection displays were installed in the current building.

Passers-by in Southwark and on the train through Blackfriars will have seen the final building taking shape throughout the year. First, the windows were sealed and installed, making the building watertight and, finally, the scaffolding came down revealing the exterior of the building for the first time. Progress inside the walls has been just as dramatic: galleries have taken shape with the floors installed and walls plastered; the shops and cafés were designed and the services installed.

All this has been a tremendous effort that has required the collaboration of a large number of teams across Tate. The fit-out of each floor, from galleries suited for photographs and those for larger-scale works, to the spaces in Tate Exchange (described below) and the back of house spaces, have been developed according to the specific needs of the teams involved.

As the description of activity elsewhere in this report shows, completing the capital project has been far more than simply finishing a building. Much of Tate's activity this year has been the development and planning of the systems, visual presence, infrastructure and organisation as a whole that will enable it to shift to managing a gallery that is considerably larger and more complex and can attract over one million more visitors. It was therefore a significant step when, in the Spending Round in November, the Chancellor of the Exchequer recognised this effort, allocating to Tate the funding necessary to support this expanded operation.

While work neared completion at Tate Modern, the development of Tate St Ives continued with the shell of the new gallery taking shape in the hillside at Barnoon. Initially, it had been planned that the refurbished areas of the existing building would open in 2016 while work continued on the expanded gallery space. However, the refurbishment works proved more complex than anticipated and it was decided to continue the building work throughout the year, with the re-opening of the refurbished gallery as a whole taking place in the early autumn of 2017.

## Welcoming broad and diverse audiences

Tate seeks always to reach as broad an audience as possible. Considerable work has been undertaken this year to think about how different activities, from programming to marketing and digital activity, come together to achieve this. Behind the scenes, this has been combined with professional development for Tate's staff to give an overall focus on inclusivity. As well as seeking to welcome as many people as possible to Tate's buildings and websites, projects have been developed that not just seek their opinion, views and contribution, but are also presented in ways that focus on inclusivity.

In this way, work has been undertaken to give consistency to the tone of voice adopted in language across Tate's activities, ensuring that information has authority, but is provided in ways that are accessible and grounded. Tate seeks to be a common space, to provoke debate, to activate people through art and this has guided work done this year to sharpen the brand and visual identity. Visual expressions of the brand have been refined and media, products and merchandise developed accordingly.

Being a common space requires that audiences comprise people from all walks of life. Tate seeks continually to welcome new audiences to its galleries. It does so using different means of reaching them and by working with communities to help develop activities and programmes. Through its national work, which is discussed in greater detail below, it seeks to bring the benefit of its Collection, shows and other activities to as broad an audience as possible. This commitment characterises the full range of Tate's activity. For example, Late at Tate events, a programme of activities over a number of Friday evenings at Tate Britain have been programmed by Tate Collective. Free of charge, these events attracted many people who had never visited before, with around 4,500 each evening. Just under half attending were between the ages of eighteen and twenty-five and many were resident in the local boroughs of Westminster, Lambeth and Southwark. Tate Collective is a scheme co-led by 15 to 24 year olds with Tate's curators to programme learning and work around art and in itself contributes to attracting wider and more diverse audiences to Tate. At Tate Liverpool, this has been developed further with the addition of a Family Collective, in which parents and children work with the gallery's Learning team. This year they produced *Neon Drawing Disco*, part of The Big Draw, a national initiative to get people drawing. Families used colourful UV light to make drawings and designs and held a disco in the Clore Learning Studio.

## Creating rewarding experiences for visitors

Tate's mission, to promote the public understanding and enjoyment of British, modern and contemporary art sums up the rewards that it offers. The programme of displays, exhibitions and associated activities provide the means by which people can enjoy art itself. However, Tate also works to provide the spaces and atmosphere that contribute to that enjoyment.

Much has been achieved both in the gallery and behind the scenes this year. Interpretation has been refreshed at Tate Britain, providing visitors with updated and deeper information about the works on display. Meanwhile, planning has focused on the major task of preparing for the opening of the new Tate Modern, a much greater and more complex space than ever before managed by the gallery. Wayfinding has been designed, providing clarity for the visitor and the detail of the management of the building worked through by visitor experience teams. Across all of its sites, the daily routine of the gallery features countless examples of programmes and work that seek to give visitors the best experience possible. One such area has been the institution of 'Look Groups' set up by Tate St Ives and based on the idea of a book group. Members meet once a month and enjoy

regular visits to exhibitions at Tate St Ives, special events, offers and activities. The intent was to start up groups across Cornwall who may be interested in art, but live too far away to get involved with the gallery and its programme. Tate St Ives received funding from the Heritage Lottery Fund to fund the establishment of these groups and no prior knowledge about art is needed to get involved. This highlights just one example of the kind of work that Tate does to provide a rewarding experience in different ways. They have also developed something of a life of their own because in the summer of 2015, the members of the Saltash, Launceston and Liskeard Look Groups worked with the artist Bryan Wynter to programme events at the Port Eliot Festival on the Cornwall and Devon borders.

Digital activity is discussed in greater detail below, but it would be remiss not to mention here the experience that Tate offers the visitor using the technology and innovation at its means. The IK Prize this year is a case in point, awarded to the group Flying Object, which created an immersive display featuring four paintings from the Tate Collection, extending the experience from the visual to sounds, smells, tastes and physical forms inspired by the artworks, with physiological responses recorded through sophisticated measurement devices. In fact, the IK Prize has been so successful in its first two years, that in March 2016, Tate was able to announce that Microsoft had committed to the sponsorship of the Prize.

Finally, as Tate has developed its long term strategy this year, there have been significant steps taken to integrate thinking that has been developed this year about Tate's audiences into its planning processes. Work began on a new audience framework and the organisation-wide work that has been done on inclusivity informed the development of a group combining curatorial and audience teams to bring it to bear on programme decisions in the future.

## Inspiring learning and research

Tate's learning team works in close association with other areas of the organisation to provide opportunities to visitors of all ages. Some of this is general and the installation of interpretation in the galleries at Tate Britain is a good example, as is the collaboration with the digital team to create and develop the Timeline of Modern Art at Tate Modern, a 6.5m touchscreen display telling through illustrations the story of over 3,500 works of art by 750 artists in the Tate Collection. Funded by Bloomberg and created in association with Oscar-winning visual effects studio Framestore, the Timeline is a prime example of how Tate is working to deliver its missions not just across teams, but with outside partners as well.

The Learning department also provides programmes more focused on specific audiences. The Turbine Festival sponsored by Hyundai spoke specifically to younger and family audiences. The aim has been to reach 4,000 participants, but the final figures showed a remarkable 8,000 participating among the 28,136 recorded visitors at Tate Modern on the day. Specific research showed a significantly increased percentage of audiences attending from inner and outer London. At Tate Britain, this year's BP Family's festival 'Bring your Tribe' explored concepts of family and kinship, creating opportunities for communities to work with artists to celebrate social, cultural and familial kinship and attracted 2,100 visitors.

In all, 160,000 schoolchildren visited Tate's London sites with their teachers last year and many thousands more came on independent visits. Tate Liverpool has consistently been at the forefront of Tate's work with new and younger audiences and this year was no different. In August 2015 the gallery's learning team presented *Action Stations*, which saw families experiment with paint cannons and catapults to create splatter paintings and drawings inspired by the works on display in *Jackson Pollock: Blind Spots*. The event was widely enjoyed and a total of 1,471 people took part. Most radically and in collaboration with Turner Prize winners, Assemble, Liverpool's Tate Collective devised and delivered *Art Gym*, the result of a staged kidnapping of Tate Liverpool. Entitled *We Have Your Art Gallery*, the kidnapping resulted in a series of ransom notes that the young people developed with Assemble listing demands for things they wanted to see in the gallery. Via these notes an agreement was reached to transform the top-floor gallery space into a temporary art school, *Art Gym*. From 7 to 31 March 2016, *Art Gym* was a three-week programme of free workshops and classes that embrace art, design, music and film.

Tate's adult learning offer this year included a number of significant events. In particular, as part of *Alexander Calder* at Tate Modern, Earle Brown's composition 'Calder Piece', written for the Calder's sculpture *Chef d'orchestre* was performed four times to sell-out audiences and strong reviews in the national media. Drawing on contemporary affairs, *Light and Dark Matters* comprised a series of interrelated events over twenty-four hours exploring art and science, marking the United Nations International Year of Light, including sunset and sunrise walks, workshops on light and art and talks and discussions. More generally, a regular series of events ran throughout the year, both linked to Tate's programme and also covering other areas of art within Tate's remit.

In addition to activity focused on providing learning for others, Tate is also an active research centre. This year, a major review of research was undertaken, seeking to ensure that the full range of the ways in which knowledge



is produced in daily activity across the gallery is recorded and captured as research. A number of specific research projects were also completed and won. A major international event, *Media in Transition*, took place at Tate Modern in November 2015. Supported by the Getty Conservation Institute, the Getty Research Institute and the New Art Trust, the conference looked at the challenging question of how to collect and care for emerging forms of artwork and involved a number of artists including Hito Steyerl, Runa Islam, David Lamelas and Julia Scher as well as participation from conservators and curators from international organisations and institutions. Elsewhere, five more Collaborative Doctoral Partnership studentships were secured this year. There are currently twenty-eight such students working in different departments across Tate, their theses supervised jointly by Tate and a host university. The Collaborative Doctoral Partnership scheme helps strengthen the museum's research culture and generates scholarship in a broad range of subject areas and has been highly successful with twenty-five doctoral awards made so far.

Tate has also become a centre for research and learning on the part of others. In 2015-16 this was exemplified by two projects in particular. *AnnoTate* is a crowdsourced online transcription tool developed by Tate and the Zooniverse team at the University of Oxford. Members of the public have been invited to engage in a transcription project, helping decipher handwriting in over 17,000 artists' letters, diaries and sketchbooks. In April 2016, *AnnoTate* took the highest prize in the Galleries, Libraries, Archives, and Museums Innovation (GLAMi) Awards, which recognise the best work in the sector. In August 2015, Tate further experimented with crowdsourcing by asking members of the public to help identify unknown locations in John Piper's photographs of Britain. This not only helped build knowledge of works in the national Collection, but contributed to Tate's digital profile as well, the webpage attracting 18,166 unique visitors in its first week of operation.

Finally, although it will launch officially in September 2016, a major focus of the learning team this year has been preparation of an important new initiative, Tate Exchange. Level 5 of the new Tate Modern will provide a suitably impressive new space for a new programme that will explore how art makes a difference to society. This year and in preparation, Tate has invited over fifty organisations from across the UK to work together and with the public as part of Tate Exchange on an annual programme and theme; in the first year, the idea of 'exchange' itself. The partners represent a wide range of disciplines, from health to technology and from education to dance. Conceived in its initial form as a significant element of programme as part of the new Tate Modern, plans are being put in place to develop programme across all four Tate sites and in partner organisations as well. In addition, its digital presence will give it global reach, enabling audiences from around the world to participate in generating the ideas, themes, concepts and work that it will cover.

## Promoting digital growth and engagement

The preparation for the digital element of Tate Exchange is an area in which the digital team has played a major role in the build up to the opening of the new Tate Modern. Like *AnnoTate*, the crowdsourcing of John Piper and many of the other activities described in this report, Tate Exchange shows just how integral working digitally is to Tate. They also show teams working in unison with the colleagues in the digital department on content. Hand-in-hand with the focus on audiences described above, this year has seen a programme of work designed to refresh Tate's digital presence. The focus has been on developing the website and content to reach broader audiences with general art knowledge, whilst still retaining high quality of research and learning content for specialists.

Coupled with this, a major project to review the systems and structures behind Tate's digital presence is underway. This will bring various different consumer-facing functions together to provide a smoother, easier and more legible experience for those using the website. At the same time, different digital offers have been brought together and rationalised, increasing Tate's digital profile. A similar principle underlies Tate's growth in Twitter this year with the result that in February 2016, Tate overtook MoMA as the most visited museum Twitter account in the world, in turn encouraging more traffic to the website.

Such behind the scenes work has been complemented by a number of specific public-facing projects that have played a major part in raising Tate's digital profile this year. The Tate Sensorium has already been mentioned, but it was just one example of how different departments are working in the digital arena in new collaborations. The audience for Tate's videos has grown significantly and the renewal of Bloomberg's sponsorships has enabled the continued production of the popular series of Tate Shots as well as the installation of the new Digital Timeline at Tate Modern. Further partnerships have been announced, with Facebook, which will fund the production of six 360° videos and Wikipedia, with which Tate collaborated to mark International Women's Day with an 'editathon' for women artists.

The digital offer within the galleries has also been improved. Late at Tate saw hundreds of young people in the studio printing in 3D and the Tate Kids programme saw families using GoPros and making animated gifs. As a mark of how digital and in-gallery content is coming together, from February to April 2016, Tate Britain hosted Tate's first Digital Artist Research Residency in the Taylor Digital Studio: the Learning team worked with

Ruth Catlow, artist and co-director of Furtherfield (@furtherfield ) to examine of the potential of social platforms as spaces for artistic dialogue and participation.

Tate uses digital technologies to speak to as wide, global and large an audience as possible, but it also uses technology in more specific ways. An example was *All About Us*. Led by Tate Liverpool and supported by the Heritage Lottery Fund, *All About Us* was part of Archives & Access, a national programme of digital access, learning, and participation with archives and heritage. It was a joint project between Tate Liverpool and Alder Hey Children's Hospital that engaged children, young people, teachers and hospital staff in exploring archival materials from Tate and Liverpool Medical Institution archives. The culmination was a display of artwork produced during the All About Us project by children and young people from Alder Hey Children's Hospital; Broadgreen International High School; Sandfield Park School; Knotty Ash Primary School; and FRESH. 643 people either took part in the workshops or visited the exhibition and the digital online resource created as part of the project will continue to engage with an even broader audience.

## Developing and nurturing UK and global partnerships

Through its work with partners, nationally and internationally, Tate seeks to ensure that the maximum number of people benefit from the services that it provides. In 2015-16, many of Tate's exhibitions have been produced in partnership with other institutions and have been seen elsewhere: for instance, after showing at Tate Modern *Agnes Martin* travelled to the Kunstsammlung Nordheim-Westfalen, Düsseldorf and will in 2016 show at the Los Angeles County Museum and then the Solomon R. Guggenheim Museum in New York, while Tate Liverpool's autumn exhibition was founded on the idea of partnership *An Imagined Museum: works from the Centre Pompidou, Tate and MMK collections*. Tate also produces exhibitions specifically for touring and in 2015-16 worked with five partner institutions to deliver three Tate Collection Exhibitions and the Turner Prize. *Howard Hodgkin* was seen at Chatrapati Shivaji Maharaj Vastu Sangrahalaya in Mumbai, *Landscapes of the Mind* at the Museo Nacional de Arte in Mexico City, *The Landscape in Art: 1690-1998 British artists from Tate's collection* at Pinacoteca in Sao Paolo and *Henry Moore* at the Baths of Diocletian in Rome. Overall, more than 300,000 visited the international collection exhibitions programme, deepening Tate's institutional partnerships and generating substantial net income.

The fifth exhibition organised this year by Tate's national team was the exhibition of the Turner Prize at Tramway in Glasgow, the first time that the Prize has been shown and awarded in Scotland. This is the second time that the Prize has been held in a partner gallery outside London, a commitment that will continue as part of Tate's work to serve the nation as a whole. The overall attendance was nearly 75,000, a record for Tramway.

Other international work this year saw the continuation of the Brooks International Fellowships and the kind grant of funding for a further three years. Three fellows were selected for 2016, respectively from Brazil, Barbados and Mexico, who will be based in the Curatorial teams across all four Tate sites. Tate's successful training programme in Oman also continued, with consultancy on the development of seven sets of policies, including collection care, visitor services, exhibitions and displays. Tate has also provided consultancy services on a project to develop a new 'cultural quarter' in Sydney, at Central Barangaroo, a former dock in the harbour.

Tate also consolidated its relationships with several major Chinese institutions through a number of initiatives and projects this year. In November, the China-UK Museum Dialogues were held in Beijing, supported through the UK-China 2015 Year of Cultural Exchange. Working with five Plus Tate partners and six Chinese art institutions to conceive, organise and deliver a series of roundtable discussions and public events, this was an opportunity for professional exchange, focusing on common issues, challenges and changes within the museum sectors in both countries. To conclude the programme, the UK partners involved in the UK-China Exchange Programme hosted a symposium on the 17 March at Tate Britain to share their experiences with the wider UK museum sector. This has created the opportunity for further collaboration, through a joint bid submitted in partnership with CAFA Art Museum to the China National Art Fund, with advice from British Council, China, and led by CFCCA on behalf of the Plus Tate network. A further Chinese project was also announced in November by the Chancellor of the Exchequer: in 2017, an exhibition of British landscape painting will travel to Shanghai.

Tate is committed to playing a role nationwide. Within the UK, Tate's main national programmes – ARTIST ROOMS and Plus Tate – have continued to ensure that Tate plays a role nationwide. The British Art Network membership grew during the year to 357 members representing 163 organisations, its membership is drawn predominantly from regionally based curators in the UK. John Constable's *Salisbury Cathedral from the Meadows* 1831 travelled to Constable's home county of Suffolk and was the centrepiece of a series of programmes at the Christchurch Mansion, Ipswich, where it was seen by 33,500, an uplift of more than 200% against the same period in 2014-15. The final stage of the programmes, *Constable and Freud: Legacy and the East Anglian School of Painting and Drawing* saw *Salisbury Cathedral* paired with works by Freud and Cedric Morris, Freud's tutor at the East Anglian School of Painting and Drawing.

Plus Tate started the year in its newly expanded form of 35 partners. Three seminars for Directors were held in London, Manchester and Wakefield, bringing network members together to experience the work of different partner organisations. Each seminar was distinct, focused upon themes of 'Resilience and Leadership', 'Culture Cities' and 'Audiences'. There were also three surgeries or workshops for networks teams on topics of *Diversity and Inclusion*, *Exchanging Cultural Property* and *Freedom of Expression*.

Thanks to the continuing commitment and generosity of Anthony D'Offay, ARTIST ROOMS has continued to go from strength to strength, showing the best of contemporary art throughout the country. Four ARTIST ROOMS exhibitions in partner institutions continued into the 2015-16 financial year and a further ten were mounted during the year itself. These included an exhibition of Latvian American artist Vija Celmins at the National Centre for Craft and Design (NCCD) in Sleaford in April and a major exhibition of the work of American artist Jeff Koons at Norwich Castle Museum and Art Gallery, as well as an ARTIST ROOM of Damien Hirst at the Pier Arts Centre in Orkney.

Since its launch in 2009, ARTIST ROOMS has been shown in 77 museums and galleries nationwide, from Orkney to Penzance, Ulster to Denbighshire, Powys to Preston and 145 displays and exhibitions have been seen by nearly 40 million people. In January, it was announced that Phyllida Barlow would be the fortieth artist represented in the ARTIST ROOMS collection. Her work, *untitled: upturnedhouse* 2012 a gift from the artist to ARTIST ROOMS, went on display at Tate Modern in January 2016. Nearly 80% of associate partners in 2015 were new partners to ARTIST ROOMS and many had never borrowed from national collections before, but through the support of ARTIST ROOMS will be able to do so in future.

## Developing the people and culture of Tate

In 2015-16, new Directors were appointed at both Tate Britain and Tate Modern. More generally, much work has been undertaken to prepare the organisation for the opening of the new Tate Modern, putting in place the organisational planning and structure that will meet the challenge of running a much larger institution.

Connected with this and the greater focus on audiences described above, there has been much work on inclusion. In early 2016, the first phase of Inclusive Leadership Training was completed and in 2016-17, everyone in the organisation will benefit from this programme which has been designed to help Tate respond to and accommodate the different points of view that all of its staff and visitors bring.

An Employee Survey was carried out in July. Overall, there was a 2% increase in Employee Engagement from the previous survey. Following discussion and consultation on the results across the organisation at all levels, an action plan has been put in place that will focus on leadership and management and communication and collaboration. Performance reviews were also revised this year and the completion rate of reviews increased from 70% to 90%.

Using the Freedoms granted by the Government as part of the Museums Freedoms Pilot, Tate made a further investment of 3% in pay, completing the implementation of the new pay structure that was introduced in April 2014. At a time of intense financial pressure, this was a much-deserved and necessary commitment made for the benefit of hard-working staff.

## Sustainability

### Operations and sustainability

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

### Greenhouse gas emissions

Tate has been measuring and reporting emissions since 2007 and set 2007-08 as a baseline year for reductions, mainly for Scope 1 and 2 emissions. Tate has since achieved the Carbon Trust Certification twice.

Over the last year Tate's Sustainability Task Force has been reviewing Tate's priorities and reporting for sustainability as a result of a growing estate. The baseline year figures are stated below for comparison however Tate has agreed to review the baseline figures in order to reset targets. As a result, target figures are not included here.

Overall Tate's carbon emission for Scope 1 and 2 have reduced by 15% since the baseline year and are in line with 2014-15. This is partly due to warmer winters as well as numerous energy-saving interventions which have been made across the estate during this time. These initiatives have included plant replacement (new chillers

for Tate Modern), LED gallery lighting and changes to air conditioning control strategies. In September 2015, Tate completed the installation of solar panels (PV) on the roof of Tate Modern. This has generated 5,166 kWh of electricity from renewable sources, as included in the total renewable electricity figure stated in the below table. Looking forward, Tate's new building projects (at Tate Modern and Tate St Ives) will further increase Tate's energy use, but sustainability and the use of renewable sources are at the heart of both building projects.

Energy expenditure has slightly reduced since 2014-15 mainly due to lower commodity prices and this trend is expected to continue into 2016-17. Tate's exposure to financial risk is reduced by purchasing energy up to 30 months in advance of consumption through the Crown Commercial Service framework agreement. Through the framework, Tate can be guaranteed that 15.3% of energy supplied comes from renewable sources. The Carbon Reduction Commitment is a legislative scheme which requires payment for carbon emissions associated with energy use. Earlier this year it was announced that the scheme will come to an end and the final reporting year will be in 2018-19. From that point onwards the Climate Change Levy (CCL) will increase but it is currently unknown how this will impact Tate who do not currently pay CCL for the majority of its sites.

Business travel emissions data is based on a combination of actual business travel mileage from centralised travel providers and estimated mileage using the Carbon Trust methodology. Scope 3 emissions from business travel are 20% lower than the baseline year (2013-14).

Scope 3 emissions from water use have increased by 21% on the base year mainly due to water abstraction for boreholes testing (required for the cooling system for the new Tate Modern). Electricity transmission and distribution emissions have fallen by 10%, since the base year, reflecting the savings made through a water and energy reduction programme.

<b>Greenhouse gas emissions (tCO<sub>2</sub>e)</b>		2012-13	2013-14 restated	2014-15 restated	<b>2015-16</b>	% change on base yr
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>1</sup>	Scope 1 & 2 emissions					
	Scope 1 <sup>2</sup>	3,497	3,226	3,083	<b>3,084</b>	(20)
	Scope 2	12,431	11,692	11,869	<b>11,973</b>	(13)
	Total Scope 1 & 2	15,928	14,918	14,952	<b>15,057</b>	(15)
	Total Scope 1 & 2 tCO <sub>2</sub> e per m <sup>2</sup>	0.164	0.157	0.154	<b>0.160</b>	(12)
	Scope 3 emissions <sup>3</sup>					
	Business travel <sup>4</sup>	929	971	783	<b>777<sup>5</sup></b>	(20)
	Water use <sup>6</sup>	83	75	71	<b>142</b>	21
	Electricity transmission & distribution	1,011	994	1,015	<b>989</b>	(10)
	Total Scope 3	2,023	2,040	1,869	<b>1,908</b>	(13)
	Total Scope 1-3	17,951	16,958	16,821	<b>16,965</b>	<b>(20)</b>
Energy use (million kWh)	Electricity, non-renewable <sup>7</sup>	26.5	22.3	22.7	<b>22.0</b>	(21)
	Electricity, renewable <sup>8</sup>	-	3.8	3.9	<b>3.9</b>	-
	Total electricity	26.5	26.1	26.6	<b>25.9</b>	(5)
	Gas	16.6	15.9	16.7	<b>16.3</b>	(2)
	Total kWh per visitor	5.6	6.0	5.5	<b>6.4</b>	(10)
Expenditure (£000)	Energy	2,662	2,925	3,037	<b>3,025</b>	33
	Carbon Reduction Commitment	204	201	272	<b>266</b>	41
	Business travel	695	736	721	<b>620</b>	(16)

<sup>1</sup> All emissions calculated and updated using relevant Defra conversion factors <http://www.ukconversionfactorscarbonsmart.co.uk/>

<sup>2</sup> Includes emissions from natural gas consumption, refrigerants and owned/leased vehicles

<sup>3</sup> Staff commuting, art transport and art crating related emissions have been excluded given the difficulty in consistently collecting the data

<sup>4</sup> All business travel including international air and rail travel

<sup>5</sup> Based on a combination of actual business travel mileage data from centralised travel providers and estimated mileage using the Carbon Trust methodology

<sup>6</sup> Mains water only and boreholes abstraction, in line with Government guidance. All figures updated with water treatment and supply conversion factors, in line with Defra guidance

<sup>7</sup> Electricity procurement through Crown Commercial Services, all other Tariffs Fuel Mix info <https://ccs.edfenergy.com/fuel-mix>

<sup>8</sup> Includes renewable average of 15.3% on total electricity consumption as well as Tate Modern PV generation 5,166 kWh for 2015-16 only

## Waste and finite resources

During 2015-16 Tate has made substantial progress in waste management, which will lead to associated cost savings in the near future. The waste contracts for all London sites have been centralised under one contractor and new waste streams (glass and food) have been added to both Tate Britain and Tate Store sites and are now collected separately. Tate's commitment to reduce waste to landfill is evident and has decreased by 99% since the baseline year. Overall production of waste has decreased by 33% from the baseline year and includes a significant increase in waste being recycled/ reused, composted (via anaerobic digestion) and also sent to energy from waste.

Waste costs have increased mainly due to the addition of different waste streams (particularly food waste), but Tate has embarked on a waste cost minimisation and resource programme and centralising waste contractors will bring savings in the years ahead. The opening of the new Tate Modern will increase waste production mainly from visitor relevant waste.

Water use under Scope 2 (Finite Resource Consumption) increased from 2014-15 and is up 30% from the baseline year due to the boreholes testing at Tate Modern.

### Finite resources: Waste

		2012-13	2013-14	2014-15	2015-16	% change on base yr
Waste (tonnes)	Landfilled	40	22	14	<b>9</b>	(99)
	Reused/recycled	466	368	510	<b>448</b>	157
	ICT waste reused/recycled	N/A	1	5	<b>6</b>	535
	Composted <sup>9</sup>	105	121	106	<b>206</b>	208
	Energy from waste	312	309	303	<b>282</b>	107
	Incineration without energy recovery	0	0	0	0	-
	<b>Total waste<sup>10</sup></b>	<b>923</b>	<b>821</b>	<b>938</b>	<b>951</b>	<b>(33)</b>
Total waste tonnes/m <sup>2</sup>		0.0106	0.0097	0.0097	<b>0.0110</b>	(24)
Spend (£000)	Landfilled	17	14	12	<b>4</b>	(75)
	Reused/recycled	56	53	49	<b>54</b>	(5)
	ICT waste reused/recycled	N/A	N/A	N/A	<b>N/A</b>	-
	Composted	14	25	20	<b>47</b>	239
	Energy from waste	38	34	45	<b>44</b>	16
	Incineration without energy recovery	0	0	0	<b>0</b>	-
<b>Total waste</b>		<b>125</b>	<b>126</b>	<b>126</b>	<b>149</b>	<b>19</b>

### Finite resources: Water

		2012-13	2013-14	2014-15	2015-16	% change on base yr
Water use <sup>11</sup> (m <sup>3</sup> )	Total scope 1 & 2	197,584 <sup>12</sup>	102,156	72,522 <sup>13</sup>	<b>144,820<sup>14</sup></b>	30
	Scope 2 m <sup>3</sup> per m <sup>2</sup>	0.89	0.82	0.84	<b>1.54</b>	20
	Total scope 2 litres per visitor	10.2	10.1	9.18	<b>21.80</b>	49
Expenditure (£000)	Water supply	121	153	124	<b>172</b>	12

## Biodiversity action planning

Tate, in partnership with its ISO 14001-certified landscape contractor, actively works to preserve and enhance biodiversity within its estate. Varied habitats are provided wherever possible and in 2014 staff planted a perennial wildflower meadow in the Tate Britain staff garden. Tate has kept bees on the roofs of Tate Modern and Tate Britain since 2010.

<sup>9</sup> Disposal via anaerobic digestion

<sup>10</sup> Excludes waste from Tate St Ives and Chadwell Heath; current contractors cannot provide tonnages

<sup>11</sup> Tate Modern boreholes included from 2013 onwards

<sup>12</sup> Scope 1 from Tate Modern boreholes included for 2012-13 and 2013-14 during testing

<sup>13</sup> Nil extraction from Tate Modern boreholes following testing over previous two years

<sup>14</sup> Mains water usage 75,937 m<sup>3</sup>, borehole usage 68,883 m<sup>3</sup>

## Future development

Following the opening of the new Tate Modern, the organisation will focus on continuing to deliver excellence rather than further expansion. The extension to Tate St Ives will open in autumn 2017 and the programme and operations of the new building at Tate Modern will be settled. Major exhibitions announced for the coming period across Tate include shows of the work of David Hockney, Robert Rauschenberg, Yves Klein, Georgia O'Keeffe and Rachel Whiteread.

The project to improve Tate's digital infrastructure will continue, delivering a much smoother process for those using Tate's digital offer. It will support a new website that will be launched in June 2016, a digital offer that is modern and contemporary in its feel. One element of Tate's digital presence will be a new website for Tate Exchange, a programme that in itself will be a major addition to the overall experience that Tate offers both in its galleries and virtually, engaging over sixty partner organisations in a collaborative response to the theme of 'Exchange'. 2016-17 will be the first year of a recurring annual programme for Tate Exchange, which will in the future be extended to all of Tate's sites.

Tate's national work has become a hallmark and the networks developed, Plus Tate, the British Art Network and the ARTIST ROOMS associates, will remain a focus. Work will begin in 2016-17 on the display of the Turner Prize at the Ferens Gallery in Hull as part of its year as City of Culture in 2017. From 2016, a new phase of the ARTIST ROOMS programme will involve more than thirty UK Associate partners, presenting exhibitions and displays from the Collection over a three-year period. Supported by Arts Council England and the Art Fund, a focus will be on professional development, resources and training, strengthening networks and skill sharing across the UK, with a peer mentoring scheme. In October 2016, the first exhibition of the new ARTIST ROOMS programme will be of the work of Roy Lichtenstein at Wolverhampton Art Gallery.

Internationally, exhibitions will be toured, new partnerships developed and existing ones strengthened. In June 2016, *London Calling*, a specially-designed touring exhibition of the works of the 'School of London' will be shown at the Getty Museum in Los Angeles. *Robert Rauschenberg* is being organised in association with the Museum of Modern Art in New York and will show there after it has closed at Tate Modern.

## 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 comprises 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 2015-16 period, twelve exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 295 works. The exhibitions are listed below.

<i>Marlene Dumas: The Image as Burden</i>	18
<i>The EY Exhibition: Sonia Delaunay</i>	74
<i>Agnes Martin</i>	62
<i>The EY Exhibition: The World Goes Pop</i>	39
<i>Alexander Calder : Performing Sculpture</i>	36
<i>Performing for the Camera</i>	1
<i>Barbara Hepworth: Sculpture for a Modern World</i>	4
<i>Frank Auerbach</i>	9
<i>Jackson Pollock: Blind Spots</i>	34
<i>An Imagined Museum</i>	1
<i>Leonora Carrington</i>	4
<i>Geta Bratescu</i>	13
<b>TOTAL</b>	<b>295</b>

### Performance indicators

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

<b>Performance indicators</b>	<b>Actual 2016</b>	Actual 2015
	<b>000s</b>	000s
<b>Access</b>		
Number of actual visits	<b>6,662</b>	7,904
Number of unique users visiting the website	<b>12,791</b>	13,433
<b>Audience profile</b>		
Number of visits by children under 16	<b>443</b>	562
Number of overseas visits	<b>3,109</b>	3,731
<b>Learning / outreach</b>		
<b>Children</b>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	<b>203</b>	205
Number of instances of visitors under 18 participating in on site organised activities	<b>254</b>	196
<b>Visitor satisfaction</b>		
Percentage of visitors who would recommend a visit	<b>94%</b>	95%
<b>Income generation</b>		
	<b>£000</b>	(restated) £000
<b>Self-generated income</b>		
Admissions	<b>5,139</b>	9,330
Trading income	<b>24,440</b>	30,602
Fundraising (including capital)	<b>77,395</b>	55,022
Fees and other income	<b>11,165</b>	10,356
Donated works of art	<b>4,867</b>	74,147
	<b>123,006</b>	179,457
<b>Regional engagement</b>		
Number of UK loan venues	<b>112</b>	152



Visitor figures continued to be high at Tate Modern with over 4.6 million people visiting in 2015-16, although this figure is 1.1m less than in 2014-15. A large contribution to the reduction is due to the success of the *Matisse: The Cut Outs* exhibition in 2014-15, which was the most successful exhibition in the history of Tate Modern. Tate Modern continues to be the most visited gallery of modern and contemporary art in the world.

Visitor figures at Tate Britain for 2015-16 were 1.3 million, a small decrease from 2014-15, which is explained by the exhibition programme not being as popular as anticipated.

There has been a decrease in visitor numbers at Tate St Ives overall, however this is due to the gallery being closed for capital works during from September 2015.

Tate Liverpool has slightly higher visitor figures than in 2014-15 with more people visiting the collection displays.

The number of visitors under 18 participating in on site organised activities has increased by 58,000. This has mainly been driven by Late at Tate at Tate Britain which has refocused energy on attracting a younger audience.

The lower visitor numbers at the two London galleries also impacted the trading income generated, as well as the closure of St Ives for part of the year.

The increase in fundraising income reflects increased donations for the capital projects in 2015-16 as the Tate Modern project neared completion, as well as higher donations for works of art acquired in the year.

The decrease in donated works of art is due to an exceptional year in 2014-15 when Tate received several significant artwork donations, including the major gift of eight works by Cy Twombly as well as works by David Hockney, Frank Auerbach and Ellsworth Kelly, collectively valued at just under £66 million.

## Financial review

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

The consolidated statement of financial activities on page 44 shows total income and endowments of £156,083,000 (£211,960,000 in 2014-15 (restated)). Of this amount £59,113,000 (£41,419,000 in 2014-15 (restated)) was applied to the ongoing capital programme, £12,820,000 (£78,831,000 in 2014-15 (restated)) to Collection acquisitions and £nil (£nil in 2014-15) to endowments. The remaining £84,150,000 (£91,710,000 in 2014-15 (restated)) was taken to general funds to be applied to ongoing operations (see expenditure below).

Tate received £32,691,000 of Grant in Aid (£32,149,000 in 2014-15), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £28,651,000 (£29,626,000 in 2014-15);
- major capital expenditure grant of £1,600,000 (£nil in 2014-15); and
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,440,000 (£2,523,000 in 2014-15).

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £123,392,000 for the year (£179,811,000 in 2014-15 (restated)).

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated statement of financial activities on page 44 shows total expenditure of £109,213,000 (£106,887,000 in 2014-15). Of this amount £23,044,000 (£18,603,000 in 2014-15) was applied to the ongoing capital programme, £52,000 (£51,000 in 2014-15) to Collection acquisitions and £86,117,000 (£88,233,000 in 2014-15) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £14,470,000 to the Collection (£76,981,000 in 2014-15 (restated)). Of this figure, £4,867,000 has been donated by individuals either directly or in lieu of tax (£74,147,000 in 2014-15 (restated)). Funding for purchased works of art has come from many sources, including the Art Fund, Tate Members, Tate Patrons and self-generated income.

Reserves and funds carried forward of £1,445,640,000 (£1,381,071,000 in 2014-15 (restated)) are:

	<b>2016</b>	2015 (restated)
	<b>£000</b>	£000
Revaluation reserve	<b>507,385</b>	502,085
Capital reserves	<b>500,115</b>	451,256
Works of art reserves	<b>417,117</b>	404,421
Endowment funds	<b>10,981</b>	11,368
General reserve	<b>9,499</b>	11,469
Other restricted reserves	<b>492</b>	416
Other designated reserves	<b>51</b>	56
	<b>1,445,640</b>	1,381,071

For more details on reserves, please refer to note 16. For pensions accounting, please refer to note 8.

### 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 20 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 £62,178,000 (£47,364,000 in 2014-15) comprise £60,562,000 (£42,810,000 in 2014-15) in relation to buildings, assets under construction and leasehold improvements and £1,616,000 (£4,554,000 in 2014-15) on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £14,470,000 in the year (£76,981,000 in 2014-15 (restated)) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £4,867,000 (£74,147,000 in 2014-15 (restated)). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 10.

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2014 by Deloitte, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. Following the revaluation and subsequent modified historic cost adjustments, the revaluation reserve amounted to £507,385,000.

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 9 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 2015-16 there were 86 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 11 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 2015-16 62% (57% in 2014-15) of invoices were settled in 30 days or less.

## Going concern

Please refer to note 1.

## Reserves policy

The Trustees review the reserves held annually. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £9,499,000, equivalent to nine 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 16.

## Investments

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

The investment return for the year was -0.4% (10.79% in 2014-15) reflecting a lower level of return for all asset categories but achieving a result closer to the investment benchmark than in the previous year. At 31 March 2016, the investment fund was valued at £11,420,000 (£11,751,000 in 2014-15); historic cost £10,123,000 (£9,897,000 in 2014-15).

## Future developments

Tate's mission is to increase public enjoyment and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Its strategy is designed to fulfil this mission within the policy and resources framework available. Tate's objectives, established in 2014-15 and also central to the Tate Plan to 2019-20, are:

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

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

- continue to develop the Collection in ways that reflect and provide insight for the public and researchers into artistic practice in the periods that Tate covers and as they emerge and develop. Specifically, it will continue to:
  - present a broader account of regional art histories across the world, with a continued emphasis on Latin America, Asia Pacific, Eastern Europe and a new focus on the Middle East, Africa and South Asia;
  - extend representation of artistic practice including photography, media and performance;
  - strengthen representation of female artists;
- present a programme of research and scholarship across the range of Tate's activities to build the intellectual leadership and research capacity of Tate, including through the foundation of a new research centre, working collaboratively across different parts of the organisation and linking research projects to Tate's public programme;
- commit to presenting excellent public programmes by presenting a range of different perspectives and voices on art within Tate's physical galleries as well as online and through social media platforms;
- continue to serve current audiences throughout the UK while reaching out to a broader range of audiences with a particular aim to:
  - inspire families and young people from an early age, recognising that those who engage with arts and culture as young people are more likely to continue to do so as adults;
  - engage audiences who live locally to Tate's activities;
  - work with partners, either on specific projects, through networks like Plus Tate or through loans to bring the benefits of Tate's work to as many parts of the UK as possible;
  - develop a strategic approach to the management and co-ordination of Tate's international activities including touring, partnerships, loans and learning programmes;
  - build on the website's worldwide reach, consolidating it as a platform for discussion and the extension of Tate's presence on other web and social media platforms;
  - continue to improve Tate's facilities, visitor services and staff to ensure every visit to Tate is an excellent experience; and
- collaborate in the development of industry-wide standards to reduce the environmental impact of the sector while leading on the implementation of changes to Tate's own work, practices and buildings management.

The following activities underpin these plans:

- completing and opening the new Tate Modern and the continuing development of Tate St Ives, ensuring that Tate can meet audience demand and expectations and that its physical infrastructure reflects the evolving relationships between audiences and museums;

- building and maintaining strong, long-term relationships with the artistic community, supporters, donors and funding bodies essential to Tate's future by:
  - recruiting high-quality non-executives and making continual improvements to Tate's governance and decision making;
  - continuing Tate's ambitious fundraising programme, with particular focus on Tate's capital development projects and maintaining revenue fundraising;
  - effectively co-ordinating and supporting staff across the organisation to manage devolved relationships with key stakeholders;
- enhancing the experience enjoyed by and building the skills of those who work for Tate, ensuring Tate is resourced for the future and can continue to attract high calibre staff by:
  - delivering Inclusive Leadership Training for all employees;
  - ensuring a fair and sustainable pay structure for Tate;
- ensuring effectiveness through financial and operational rigour and continued process improvements to improve operating and overhead efficiency; and
- generating revenue through the Tate Enterprises division and Tate Catering, in particular through maximising the opportunities presented by public programmes throughout the year.

## Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in May 2016, 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 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 May 2016.

At 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;
- Directors 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, which operates to the standards defined in the Public Sector 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 2015-16, the Head of Internal Audit provided the opinion that overall, Tate has adequate and effective framework for risk management, governance and internal control. A positive opinion was given for all seven assurance reviews carried out. However some areas were identified where the control framework and the application of controls could be improved. Action plans have been agreed to address the recommendations made.

## Significant risks

During the year the following significant changes have been made to the risk register:

- more certainty in Tate's grant in aid settlement for the next three years;
- a reduction of risk around the completion of the New Tate Modern given that major milestones have been met.

The most significant risks are:

- ensuring that Tate has a sustainable operating and financial model in the medium to long term;
- successfully opening the New Tate Modern, specifically the opening week of events;
- understanding the impact of the New Tate Modern financially against the original planning assumptions.

A review of Tate's operating model is due to report to Directors in June 2016 where the key focus is sustainability. In order to manage the risk around the opening week of the New Tate Modern a series of test openings is being held in order to understand all of the operational issues and a financial review to test the original budget assumptions is planned for January 2017, six months after opening.

## Capital projects

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

- delivering the projects to programme and budget;
- the management of the funding and cash flow position given the timing of the receipt of pledges and government restrictions on access to reserves.

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

## 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.

To promote engagement and involvement of staff Tate has created a range of staff networks: Tate Staff Council (a consultative body that brings together senior managers, employee representatives from all sections of Tate), Tate for all (Tate's Diversity Forum), Green Champions (Tate's sustainability network) and Tate's four Diversity Networks (Black, Asian and Minority Ethnic (BAME) network, the Disability network, Carers Network and the Lesbian, Gay, Bisexual, Transgender (LGBT) network). Tate's staff networks allow people who work at Tate to come together to focus on issues that are important to them and to Tate as a whole. They play an important role in helping Tate achieve its Vision, by improving its decision making and working towards a more inclusive culture.

Tate recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. The trade unions negotiate pay and pay-related conditions of service for all employees other than divisional directors.

Tate is committed to understanding how employees feel about working for Tate and continuously improving this experience. Tate undertook an employee survey in July 2015 which highlighted areas to celebrate and areas to improve. As a result of the survey an action plan has been established focussing on improving Communication and Collaboration and Leadership and Management.

## Disability and access

Tate respects the visible and non-visible differences between all of us and aims to be welcoming to everyone. Tate's commitment to making diversity and inclusion part of everything that it does is set out in the Tate for All strategy that was adopted in 2015. The strategy builds on Tate's previous action plan and Disability Equality Scheme. In the strategy, Tate sets diversity and inclusion objectives and KPIs to address barriers to access, to improve the experience of disabled visitors, to increase the representation of disabled employees in the workforce and to improve the workplace experience of disabled employees.

Tate is working to ensure that opportunities to work at Tate and develop careers in the sector are open to all, including disabled people. Tate was awarded the "Two Ticks" positive about disability symbol in recognition of its commitment to employing disabled people and has developed guidance on the provision of reasonable adjustments. Over the next few years, work is taking place to ensure that Tate is consistent and effective in its application of this and other guidance, as part of developing its inclusive culture.

In March 2016, Tate employed 33 staff (29 in March 2015) 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 6.7 in 2015-16 (7.2 in 2014-15).

## Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of the incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. Based on severity these incidents are reported to the Information Commissioner's Office. There were no serious personal data related incidents reported in 2015-16.

## Environmental sustainability

Throughout this year, Tate has analysed its energy usage and carbon emissions across all Gallery sites. There has been a slight decrease in total gas and electricity use over the year and in carbon emissions, which dropped by 1% to an average of 1,164.23 tonnes of CO<sub>2</sub>/month.

The capital projects offer an opportunity to design new spaces in ways that meet the environmental concerns of today. The Switch House at Tate Modern has been designed with sustainability in mind and it is projected to improve the efficiency of the building as a whole. 40% of its area is naturally ventilated and all the cooling will be provided by groundwater boreholes. Rain water will be collected and will be used in toilet facilities for staff and visitors. The installation of 338 solar panels on the roof of the Turbine Hall at Tate Modern in 2015 has already generated a portion of the building's electricity by solar power. The 82 kWp system will generate approximately 68,000kwh a year, equivalent to powering about 17 homes, reducing Tate's carbon footprint and electricity consumption and generating a small income which will be used to invest in more green initiatives.

Improvements have also been made to the way that Tate works. In January 2016, a unified waste and recycling system was put in place for all London sites. Now, more types of waste can be recycled than before, including food waste. This has been supported by a campaign of internal communication to increase recycling across all sites. Tate has also joined the Freecycle UK Museums Group, a group which has been established to help museums become more sustainable and make their budgets stretch further. With help from catering staff, other museums and local community groups Tate has been working on a number of upcycling projects and to drive down the coffee bags waste stream. Tate has also embarked on a project to reduce waste generated from disposable food and drink packaging.

In the Staff Garden at Tate Britain, environmental priorities have been combined with social activity for Tate's staff. Developed by Alys Fowler, gardener, TV presenter, journalist and author and Steve Benbow, Tate's beekeeper, the meadow has been designed to support a variety of pollinators, birds and insects year after year. It features nectar and pollen-rich flowers including cowslip, viola, aquilegia, campanula and wood sage, as well as blackberries, lavender and peppermint. Large tubs around the edge of the garden contain lemon verbena, oregano, mint, blueberries and strawberries. Tate Catering are using some of the herbs in their food, and all staff are free to pick the fruits and herbs as they develop. In a similar initiative at Tate Liverpool, a herb garden has been developed that is used by the catering team in the gallery.

## Social policy

Tate's vision is to champion the role of art and artists in society and it does this throughout its exhibitions and displays, which explore how artists have addressed specific concerns and how their work reflects many different aspects of society. Many shows and displays bring out aspects of the political, social, cultural and other contexts of the work in question and a good example of this was *Barbara Hepworth* at Tate Britain, which in part examined the artist's engagement with politics. Other aspects of Tate's programme look at how artists have explicitly addressed such issues, a prime example being the BP Spotlight Display *Art and Alcohol* at Tate Britain, which looked at depictions of the ills of alcohol by artists from Hogarth to the present day.

The development of the audience framework this year means that the relationship between what Tate does and the wider lives of its audiences and the role art plays in their lives and society has been put centre stage. This has influenced how Tate has promoted and marketed its work, seeking to draw in new audiences by using different communications channels. It will also add to other aspects of Tate's offer that seek to attract new audiences, such as Late at Tate.

Throughout its history, Tate Liverpool has been consistently innovative in finding new ways to work with communities across the city. This has been continued with the development of groups in addition to the youth-focused Tate Collective, the Family Collective and the Community Collective. Family Collective continues to work together and this year programmed a Neon Drawing Disco for the October 2015 half term. In St Ives, in addition to the Look Groups mentioned above, members of the family audience were invited to come together to create an exhibition called *Our Art in Motion*. It included paintings, sculptures, film and photographs and was displayed in the Courtyard at Tate St Ives in July 2015 and was free to visit. *Our Art in Motion* was supported by FEAST, a programme to support artistic activity across Cornwall.

Tate's programme of public events and lectures also addresses the relationship between art and many social issues. For instance, in October 2015, Tate hosted *Urban Encounters* as part of the five day Urban Photo Fest programme supported by *Openvisor*, the Centre for Urban and Community Research, Goldsmiths, Kingston University and *Photofusion*. The conference focused on street-based urban photographic practices. As part of a wider programme of events around London exploring critical ideas addressing how 'the street' might be experienced, imagined, represented, performed and archived, *Urban Encounters* hosted a number of international



artists, photographers, urbanists and academics concerned with theorising, researching and creating visual work around street spaces.

Signed

*Sir Nicholas Serota*  
Director, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

# Remuneration report

## Membership

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

## 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 5.3.1 and the SORP (FRS 102), 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 2015-16.

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.

<b>Salary entitlements</b>		<b>2015-16</b>	2014-15
		<b>£</b>	<b>£</b>
Sir Nicholas Serota, Director	<sup>a</sup>	<b>193,977</b>	188,327
Kerstin Mogull, Managing Director	<sup>b</sup>	<b>177,250</b>	154,896
Chris Dercon, Director, Tate Modern		<b>126,982</b>	125,105
Caroline Collier, Director, Partnerships and Programmes		<b>98,000</b>	94,563
Penelope Curtis, Director, Tate Britain	<sup>c</sup>	<b>30,717</b>	92,151
Alex Farquharson, Director, Tate Britain	<sup>d</sup>	<b>31,973</b>	Nil

<sup>a</sup> Includes a non-consolidated performance related bonus of £20,241 (2014-15: £19,651);

<sup>b</sup> Includes a non-consolidated performance related bonus of £25,000 (2014-15: £nil);

<sup>c</sup> For the period to 31 July 2015 (full year salary £92,151);

<sup>d</sup> For the period from 23 November 2015 (full year salary £90,000).

	2015-16				2014-15					
	Salary (excluding non-consolidated performance-related pay) £000	Non-consolidated performance pay £000	Benefits-in-kind £000	Pension benefits <sup>c</sup> (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non-consolidated performance pay) £000	Non-consolidated performance pay £000	Benefits-in-kind £000	Pension benefits (to the nearest £1,000) £000	Total remuneration £000
Sir Nicholas Serota, Director	170-175	20	Nil	-	190-195	165-170	20	Nil	56	185-190
Kerstin Mogull, Managing Director	150-155	25	Nil	59	235-240	150-155	-	Nil	56	210-215
Chris Dercon, Director, Tate Modern	125-130	-	Nil	49	175-180	125-130	-	Nil	46	170-175
Caroline Collier, Director, Partnerships and Programmes	95-100	-	Nil	29	125-130	90-95	-	Nil	23	115-120
Penelope Curtis, Director, Tate Britain	30-35	-	Nil	12	40-45	90-95	-	Nil	34	125-130
Alex Farquharson, Director, Tate Britain	30-35	-	Nil	12	40-45	-	-	Nil	-	-
Band of highest-paid director's remuneration		190,000-195,000					185,000-190,000			
Median remuneration		25,600					24,600			
Ratio		7.6					7.7			

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 2015-16 was £190,000-195,000 (2014-15 £185,000-190,000). This was 7.6 times (2014-15 7.7) the median remuneration of the workforce, which was £25,600 (2014-15 £24,600). In 2015-16, no employees (2014-15 nil) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions. No compensation for loss of office was paid to board members during the year.

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

	Accrued pension at end date at 31 March 2016	Real increase / (decrease) in pension at end date	CETV at 31 March 2016	CETV at 31 March 2015 or start date	Real increase / (decrease) in CETV
	£	£	£	£	£
Kerstin Mogull, Managing Director					
Pension	7,739	3,532	102,000	53,000	31,000
Lump sum					
Chris Dercon, Director, Tate Modern					
Pension	14,830	2,921	219,000	163,000	29,000
Lump sum					
Caroline Collier, Director, Partnerships and Programmes					
Pension	17,057	1,831	337,000	294,000	29,000
Lump sum					
Penelope Curtis, Director, Tate Britain					
Pension	11,730	713	152,000	139,000	6,000
Lump sum					
Alex Farquharson, Director, Tate Britain					
Pension	742	742	7,000	–	5,000
Lump sum					

Sir Nicholas Serota, Kerstin Mogull, Chris Dercon, Caroline Collier, Penelope Curtis and Alex Farquharson are all members of the Civil Service defined benefit pensions scheme. Kerstin Mogull contributed 8.05% and Chris Dercon, Caroline Collier, Penelope Curtis and Alex Farquharson contributed 7.35% of their annual salary, subject to the relevant capped limit, to their pensions. Sir Nicholas Serota chose not to be covered by the Civil Service pension arrangements during the reporting year.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

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 benefits at their own cost. CETVs are calculated in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 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 taken.

The real increase in CETV reflects the increase that is 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.

The Board of Trustees of the Tate Gallery, who hold overall responsibility for Tate, are not remunerated. Expenses paid are disclosed in note 8 to the accounts.

## Off-payroll engagements

In accordance with Treasury guidance per the Financial Reporting Manual (FRM) paragraph 5.3.27 all entities are required to present information on high paid and/or senior off-payroll engagements.

**Table 1: Off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months**

Number of existing engagements as of 31 March 2016	7
<i>Of which</i>	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	6
Number that have existed for between two and three years at time of reporting	None
Number that have existed for between three and four years at time of reporting	None
Number that have existed for four or more years at time of reporting	None
<i>Confirmation that all existing off-payroll engagements outlined above have, at some point, been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.</i>	Yes

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months**

Number of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	1
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	1
Number for whom assurance has been requested	1
<i>Of which</i>	
Number for whom assurance has been received	1
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0
<i>In any cases where, exceptionally the department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations, or where assurance has been requested and not received without a contract termination, the department should set out the reasons for this.</i>	N/A

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016**

Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	None
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on payroll engagements	None
<i>In any cases where individuals are included within the first row of this table, the department should set out:</i>	N/A
<i>Details of the exceptional circumstances that led to each of these engagements;</i>	
<i>Details of the length of time each of these exceptional engagements lasted.</i>	

Signed

*Sir Nicholas Serota*  
Director, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

# Statement of Trustees' and Director's responsibilities

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

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

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

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

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 and Accounting Officer, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

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

# Governance statement

## 1. Introduction

Tate is an executive non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS) and an exempt charity defined by Schedule 3 to the Charities Act 2011. It is exempt from registration with and oversight by the Charity Commission and is regulated by DCMS for charity law purposes.

Tate is governed by a Board of Trustees in accordance with the Museums and Galleries Act 1992. The role of the Board of Trustees is to determine policy and set strategic direction, ensuring that Tate fulfils its statutory mission and objectives as set out in the Museums and Galleries Act 1992. 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'. The Board has assessed itself to have been fully compliant with the relevant principles around governance best practice for public service and charitable bodies set out in the Corporate Governance Code for the 2015-16 period.

The Director of Tate, currently Sir Nicholas Serota, is appointed by the Board of Trustees with the approval of the Prime Minister. 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. He is responsible to the Board for the general exercise of the Board's functions and as the Accounting Officer he is responsible to Parliament for safeguarding the public funds for which he has charge.

## 2. The governance framework

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

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

No governance processes have been either fully, or temporarily, suspended during the year. Work was undertaken in 2015-16 to explore how Tate could build a closer relationship with Tate Members, a separate legal entity, by integrating Tate Members into its non-executive governance structure. Following an initial consultation period with Tate Members, 92% of 6,436 voting members agreed at an Extraordinary General Meeting held on 26 February 2016 to the proposal to merge the charity with Tate; this process will be enacted in 2016-17.

## 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 Commissioner's for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies, incorporating an independent observer appointed by the Commissioner for Public Appointments. The remaining Trustee is a member of the Board of Trustees of the National Gallery and as such is appointed by them.

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.

Lord Browne was re-appointed as Chairman of Trustees until 31 July 2017. Two new Artist Trustees, Stephen Witherford and John Akomfrah, were appointed on 8 June 2015 for four and five years, respectively. Monisha Shah retired from the Board on 31 July 2015. She was succeeded by Tim Davie (appointed on 5 October 2015). Franck Petitgas retired from the Board on 17 February 2016. At the end of the financial year, the process for recruiting a successor was underway.

On appointment, Trustees are provided with a Trustee Handbook which acts as a governance code. It reflects the Nolan principles, which are also contained in the Handbook, and details the general role and responsibilities of Trusteeship and key information which Trustees require to perform their roles. All new Trustees attend an induction which covers roles and responsibilities of the Board, the statutory framework surrounding Tate,



processes for managing conflicts of interest and information about Tate. Appropriate training is also offered to Trustees depending on need and experience.

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

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

The role of the Board is to:

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

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

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

The Board of Trustees met six times in 2015/16. Attendance\* for 2015-16 was as follows:

- The Lord Browne of Madingley (Chairman) – 5 of 6 meetings
- John Akomfrah – 2 of 5 meetings
- Lionel Barber – 3 of 6 meetings
- Tom Bloxham – 5 of 6 meetings
- Tim Davie – 3 of 3 meetings
- Mala Gaonkar – 4 of 6 meetings
- Maja Hoffmann – 1 of 6 meetings

- Lisa Milroy – 5 of 6 meetings
- Elisabeth Murdoch – 5 of 6 meetings
- Franck Petitgas – 4 of 5 meetings
- Seona Reid – 5 of 6 meetings
- Monisha Shah – 5 of 6 meetings
- Hannah Rothschild – 5 of 6 meetings
- Gareth Thomas – 5 of 6 meetings
- Stephen Witherford – 5 of 5 meetings

\* (of the total meetings Trustees were eligible to attend)

#### 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; Remuneration Committee;
- Advisory committees with no formal decision making authority: Finance and Operations Committee, Governance and People Committee, Ethics Committee;
- Advisory councils: Tate Britain, Tate Modern, Tate Liverpool, Tate St Ives;
- Project boards: Tate Modern Project Board.

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

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

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

Collection Committee meets four times each year. Attendance\* for 2015-16 was as follows:

- Hannah Rothschild (Trustee, Chair) – 4 of 4 meetings
- John Akomfrah (Trustee) – 0 of 3 meetings (joined September 2015)
- Briony Fer – 2 or 4 meetings
- Maja Hoffmann (Trustee) – 1 of 4 meetings
- Lisa Milroy (Trustee) – 2 of 4 meetings
- Emmanuel Roman – 4 of 4 meetings
- David Taylor – 2 of 4 meetings

\* (of the total meetings Members were eligible to attend)

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 2015-16 was as follows:

- Mala Gaonkar (Trustee, Chair) – 2 of 4 meetings
- Lionel Barber (Trustee) – 2 of 4 meetings
- Raif Jacobs (Co-opted member) – 4 of 4 meetings
- Laurie Fitch (Co-opted member) – 1 of 1 meetings (joined November 2015)
- Luke Mayhew (Co-opted member) – 4 of 4 meetings
- Paul McHale (Co-opted member) – 1 of 1 meetings (retired May 2015)
- Charles Roxburgh (Co-opted member) – 4 of 4 meetings

\* (of the total meetings Members were eligible to attend)

In addition, Lord Browne chaired the June 2015 meeting in order to fulfil the requirement that a Trustee chair the meeting.

The Remuneration Committee is constituted as a sub-committee of Governance and People Committee comprising its Trustee members and the Chair of the Finance and Operations Committee. The Remuneration Committee met in November 2015 to consider the performance and remuneration of the Director and senior management team as detailed in the Remuneration report.

In 2015-16, the Freedom of Information Appeals Committee considered business on paper only. Its Trustee members, Monisha Shah (Chair; retired in July 2015), Gareth Thomas (Chair from August 2015) and Seona Reid (joined July 2015) participated in discussion of all of the items considered.

The Millbank Development Committee is currently dormant pending reconstitution.

## 5. Risk management

Risk management and significant risks are discussed in detail in the Foreword on page 26.

## 6. Board business 2015-16

During 2015-16, the Board considered key strategic issues and routine business planning, including:

- Tate's Strategic Objectives and Corporate Plan and the plans for Tate Catering and Tate Enterprises;
- Digital development;
- Artistic Programme frameworks: the frameworks within which exhibitions and displays are set for each site the plans for displays in the new Tate Modern; and the vision and strategy for Tate Britain;
- Tate's Development Strategy;
- Tate's Brand;
- Tate's Learning work, including Tate Exchange, a programme for the new Tate Modern;
- Tate's Audience Strategy;
- Tate's Research Strategy;
- The merger between Tate and Tate Members charity;
- Capital projects: the Board received regular progress updates and took key decisions on Tate's capital development projects: Tate Modern Project, Tate Britain Millbank project and the Tate St Ives Phase 2 project;
- Business and finance: the Board regularly discussed current and forward budgets, management information and development of the forward business plan;
- Policies: the Board approved Tate new and updated policies within the Board's Policy Framework including the Trustee and Committee Members Conflict of Interest Management Policy, the Safeguarding Policy, the Health and Safety Policy, the Environmental Policy, the Ethics Policy, the Donations Policy and the application of the Public Sector Information Regulations 2005 (as amended in 2013).

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

## 7. Highlights of Board committee reports 2015-16

During 2015-16, Audit Committee, Governance and People Committee, Finance and Operations Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

Governance and People Committee has advised the Board on Trustee reappointments, Board skills and succession planning, appointments to Board sub-committees and sub-committee terms of reference and the merger between Tate and Tate Members charity. The Committee has continued to explore how to reflect the views of younger audiences in decision-making at Tate by including them in meetings of key governance groups.

Audit Committee has covered items of business including the risk register, business continuity planning, 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 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, international partnerships and other areas of potential reputational risk. The Committee has also reviewed the Ethics Policy and the Donations Policy and examined specific areas of operation, including Due Diligence.

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

## 8. Review of effectiveness

The Accounting Officer and Trustees also have responsibility for reviewing the effectiveness of its governance framework, including the system of risk management and 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.

The Board of Trustees conducted its annual effectiveness review in March 2016. Assisted by the Governance and Policy team, this exercise provided the opportunity for Trustees to consider and appraise their performance as a Board. In 2015-16, Trustees were asked to rate the Board's effectiveness in relation to the following areas: contribution and culture; process and structure; composition and leadership; and oversight and performance. The Board overall rated effectiveness highly. Trustees noted that the level of information received is appropriate and of high quality. They agreed that the new non-executive structure is working well and has contributed to much improved performance reporting and strategic discussion at the Board.

## 9. Significant incidents arising relevant to internal control

On the publication of the report of the Spoliation Advisory Panel in September 2015, the Trustees agreed that the recommendation should be followed and the ownership of *Beaching a Boat, Brighton 1824* by John Constable should be transferred to the claimants. As at 31 March 2016 the practicalities of transfer were being discussed with the claimants. On transfer of ownership the work will be de-accessioned from Tate's collection at its net book value of £nil.

There were no other significant incidents during the year.

Signed

*Sir Nicholas Serota*  
Director and Accounting Officer, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

# 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 2016 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 Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Trustees/Board, Accounting Officer and auditor

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

## Scope of the audit of the financial statements

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Tate Gallery's affairs as at 31 March 2016 and of its net income/expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the annual report and foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

*Sir Amyas C E Morse*  
Comptroller and Auditor General

11 July 2016

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

# Consolidated Statement of Financial Activities

For the year ended 31 March 2016

	Notes	Income and expenditure			Capital		
		2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
		£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>	3						
– Grant in Aid		28,651	–	28,651	2,440	1,600	4,040
– Donated works of art		–	–	–	–	–	–
– Other donations and legacies		8,412	7,155	15,567	–	54,814	54,814
<i>Charitable activities</i>	4	8,443	–	8,443	–	–	–
<i>Other trading activities</i>	5						
– Trading income		23,922	–	23,922	259	–	259
– Other trading activities		6,566	–	6,566	–	–	–
<i>Investments</i>	6	40	7	47	–	–	–
<i>Other</i>		954	–	954	–	–	–
<b>Total</b>		<b>76,988</b>	<b>7,162</b>	<b>84,150</b>	<b>2,699</b>	<b>56,414</b>	<b>59,113</b>
<b>Expenditure on:</b>	8						
<i>Raising funds</i>							
Costs of generating donations and legacies		2,617	90	2,707	65	5	70
Fundraising trading: cost of goods sold and other costs							
– Trading costs		23,164	–	23,164	251	–	251
– Other costs of raising funds		4,028	734	4,762	59	5	64
Investment management costs		19	1	20	–	–	–
<i>Charitable activities</i>		48,171	6,334	54,505	4,272	18,387	22,659
<i>Other</i>		959	–	959	–	–	–
<b>Total</b>		<b>78,958</b>	<b>7,159</b>	<b>86,117</b>	<b>4,647</b>	<b>18,397</b>	<b>23,044</b>
Net (losses)/gains on investments	16	–	(1)	(1)	–	–	–
<b>Net income/(expenditure)</b>		<b>(1,970)</b>	<b>2</b>	<b>(1,968)</b>	<b>(1,948)</b>	<b>38,017</b>	<b>36,069</b>
Transfers between funds	16	–	–	–	–	–	–
<b>Other recognised gains/(losses):</b>							
Gain on revaluation of fixed assets	16	–	–	–	800	17,290	18,090
<b>Net movement in funds</b>		<b>(1,970)</b>	<b>2</b>	<b>(1,968)</b>	<b>(1,148)</b>	<b>55,307</b>	<b>54,159</b>
<b>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2015 (restated)	16	11,469	46	11,515	35,497	917,844	953,341
<b>Funds carried forward at 31 March 2016</b>		<b>9,499</b>	<b>48</b>	<b>9,547</b>	<b>34,349</b>	<b>973,151</b>	<b>1,007,500</b>

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

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

Collections			Total				
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2014-15
Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds (restated)
£000	£000	£000	£000	£000	£000	£000	£000
-	-	-	31,091	1,600	-	<b>32,691</b>	32,149
-	4,867	4,867	-	4,867	-	<b>4,867</b>	74,147
-	7,014	7,014	8,412	68,983	-	<b>77,395</b>	55,022
30	-	30	8,473	-	-	<b>8,473</b>	12,283
259	-	259	24,440	-	-	<b>24,440</b>	30,602
-	311	311	6,566	311	-	<b>6,877</b>	6,400
-	339	339	40	346	-	<b>386</b>	354
-	-	-	954	-	-	<b>954</b>	1,003
<b>289</b>	<b>12,531</b>	<b>12,820</b>	<b>79,976</b>	<b>76,107</b>	-	<b>156,083</b>	<b>211,960</b>
-	-	-	2,682	95	-	<b>2,777</b>	2,714
-	-	-	23,415	-	-	<b>23,415</b>	26,209
-	-	-	4,087	739	-	<b>4,826</b>	4,662
-	52	52	19	53	-	<b>72</b>	71
-	-	-	52,443	24,721	-	<b>77,164</b>	72,221
-	-	-	959	-	-	<b>959</b>	1,010
-	<b>52</b>	<b>52</b>	<b>83,605</b>	<b>25,608</b>	-	<b>109,213</b>	<b>106,887</b>
-	(3)	(3)	-	(4)	(387)	<b>(391)</b>	869
<b>289</b>	<b>12,476</b>	<b>12,765</b>	<b>(3,629)</b>	<b>50,495</b>	<b>(387)</b>	<b>46,479</b>	<b>105,942</b>
-	-	-	-	-	-	-	-
-	-	-	800	17,290	-	<b>18,090</b>	49,509
<b>289</b>	<b>12,476</b>	<b>12,765</b>	<b>(2,829)</b>	<b>67,785</b>	<b>(387)</b>	<b>64,569</b>	<b>155,451</b>
18,363	386,484	404,847	65,329	1,304,374	11,368	<b>1,381,071</b>	1,225,620
<b>18,652</b>	<b>398,960</b>	<b>417,612</b>	<b>62,500</b>	<b>1,372,159</b>	<b>10,981</b>	<b>1,445,640</b>	<b>1,381,071</b>

The SORP requires that prior year comparatives are provided for all figures in the SOFA and these are detailed in note 2.

As a result of changes to the SORP, some prior year figures have been restated and details are shown in note 2; these amounts are identified throughout the accounts.

The notes on pages 49 to 78 form part of the accounts.



# Consolidated Balance Sheet at 31 March 2016

	Notes	2016 £000	2015 (restated) £000
<b>Fixed assets</b>			
Tangible assets	9	<b>1,006,043</b>	947,076
Heritage assets	10	<b>417,186</b>	402,716
Investments	6	<b>11,420</b>	11,751
		<b>1,434,649</b>	1,361,543
<b>Current assets</b>			
Stocks	11	<b>3,351</b>	3,472
Debtors and prepayments	12	<b>14,122</b>	12,699
Cash and liquid resources	13	<b>18,050</b>	23,823
		<b>35,523</b>	39,994
<b>Creditors: amounts falling due within one year</b>	14	<b>(23,938)</b>	(19,940)
<b>Net current assets</b>		<b>11,585</b>	20,054
<b>Total assets less current liabilities</b>		<b>1,446,234</b>	1,381,597
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(594)</b>	(526)
<b>Total assets less liabilities</b>		<b>1,445,640</b>	1,381,071
Represented by:			
Restricted reserves	16	<b>1,372,159</b>	1,304,374
Unrestricted reserves			
Designated	16	<b>53,001</b>	53,860
General	16	<b>9,499</b>	11,469
<b>Total funds</b>		<b>1,434,659</b>	1,369,703
Endowments	16	<b>10,981</b>	11,368
<b>Total funds</b>		<b>1,445,640</b>	1,381,071

The financial statements on pages 44 to 78 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

# Tate Balance Sheet at 31 March 2016

	Notes	2016 £000	2015 (restated) £000
<b>Fixed assets</b>			
Tangible assets	9	1,005,298	946,339
Heritage assets	10	417,186	402,716
Investments	6	13,915	14,246
		<b>1,436,399</b>	1,363,301
<b>Current assets</b>			
Debtors and prepayments	12	14,569	16,775
Cash and liquid resources	13	15,866	19,431
		<b>30,435</b>	36,206
<b>Creditors: amounts falling due within one year</b>	14	<b>(21,090)</b>	(18,270)
		<b>9,345</b>	17,936
<b>Net current assets</b>		<b>9,345</b>	17,936
<b>Total assets less current liabilities</b>		<b>1,445,744</b>	1,381,237
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(555)</b>	(526)
<b>Total assets less liabilities</b>		<b>1,445,189</b>	1,380,711
Represented by:			
Restricted reserves	16	1,372,150	1,304,363
Unrestricted reserves			
Designated	16	52,256	53,123
General	16	9,802	11,857
<b>Total funds</b>		<b>1,434,208</b>	1,369,343
Endowments	16	10,981	11,368
<b>Total funds</b>		<b>1,445,189</b>	1,380,711

The financial statements on pages 44 to 78 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

6 July 2016

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

6 July 2016

The notes on pages 49 to 78 form part of the accounts.

# Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Notes	<b>2016</b> <b>£000</b>	2015 (restated) £000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	18(i)	<b>65,662</b>	56,652
<b>Cash flows from investing activities:</b>			
Dividends and interest		<b>386</b>	354
Proceeds from the sale of property, plant and equipment		<b>16</b>	–
Purchase of property, plant and equipment		<b>(71,777)</b>	(51,957)
Proceeds from sale of investments		<b>1,280</b>	1,257
Purchase of investments		<b>(1,340)</b>	(1,348)
<b>Net cash used in investing activities</b>		<b>(71,435)</b>	(51,694)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(5,773)</b>	4,958
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>23,823</b>	18,865
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>18,050</b>	23,823

# 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 (the SORP) FRS102 (updated for reporting from 2016), 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 is a public benefit entity.

### Basis of consolidation

The Tate financial statements consolidate the results of Tate and its wholly-owned subsidiaries Tate Enterprises Limited (company number 3173975), Tate Gallery Publishing Limited (company number 3179938) and Tate Gallery Projects Limited (company number 3166910). A separate statement of financial activities or income and expenditure account for Tate is not presented due to a direction from the Secretary of State (DCMS).

### 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. There are no material uncertainties which may create significant doubt over Tate's ability to continue as a going concern.

### Key judgements and estimates

For Tate Gallery provisions are made against debts where debts are older than six months except for related charities. For Tate Enterprises, provisions are made against debts where debtors enter into insolvency proceedings or where debts are older than one year and all efforts to recover the debts have been exhausted. Stock is reviewed at least biannually and is written off when no alternative selling options exist.

### Income and endowments

Income and endowments 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:

#### *Donations and legacies:*

Grant in Aid from the DCMS is recognised on receipt. Donated works of art are recognised as income based on the value at the date of acceptance. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met. Receipt of a legacy will be recognised when there has been grant of probate; the executors have established that there are sufficient assets in the estate; that any conditions attached to the legacy are within the control of Tate or have been met and it is possible to estimate with sufficient accuracy the amount receivable. Where a payment is received from an estate or is notified as receivable by the executors after the reporting date and before the accounts are authorised for issue but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, then it is treated as an adjusting event and accrued as income if receipt is probable.

#### *Other trading activities:*

Sponsorship income is recognised as income when the conditions for its receipt have been met and when the sponsored activity has taken place

#### *Investments:*

Dividend and interest income is recognised on a receivable basis.

#### *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.

**Expenditure**

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

*Costs of generating donations and legacies:*

Comprises the costs associated with generating donations and legacies, 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.

*Support costs:*

Comprises the costs of governance costs (including relevant legal and finance staff, as well as audit fees), 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 8.

**The Collection**

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. Such items are not depreciated or revalued as a matter of routine as the assets are deemed to have indeterminable lives. Expenditure to conserve the works is included under charitable activities in the SoFA. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff. 13.3% of the Collection (9,653 works, excluding library and archive items) is recognised at a value on the Balance sheet. For the remaining 86.7%, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements.

**Fixed assets**

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

Tate	£10,000
Tate Enterprises Limited	£500

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2014 by Deloitte, independent property consultants. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. The cost of land and buildings includes interest and fees paid as a result of financing arrangements for assets in the course of construction.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life (a full year's depreciation is charged in the year of acquisition and none in the year of disposal). Following the formal revaluation in March 2009, the useful economic lives of the tangible fixed assets were revised to the following:

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

**Investments**

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

**Stock**

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

**Cash and liquid resources**

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

**Foreign currencies**

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

**Finance and operating leases**

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

The leasing agreement for Tate Modern (see note 20) 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.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)). For more information, please see note 8. Pensions are accounted for as a defined contribution scheme.

**Fund accounting**

Tate maintains general, designated, restricted and endowment funds as set out in note 16.

**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 2016.

**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 14. 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 being held at fair value through profit and loss since the funds are actively managed.

**Impact of adoption of the Charities SORP 2015 (FRS102) for 2015-16 accounts**

The adoption of the new SORP has changed the presentation of information in the statement of financial activities (SOFA) with the previously disclosed governance costs now allocated across other expenditure categories. Details of the restatement of the SOFA are set out in note 2 and of allocation of governance costs in note 8.

The SORP requires recognition of the liability for paid annual leave to which employees are entitled at the reporting date but have yet to be paid, and provision has been made in the 2015-16 accounts for the first time.

The recognition of legacy income to include probable income where income or notification is received after the reporting date (as outlined in the policy above) has resulted in restatement of legacy income for 2014-15 and 2015-16. This is detailed in note 2 for both the SOFA and the balance sheet.

## 2. Consolidated Statement of Financial Activities (restatements and re-classifications)

For the year ended 31 March 2015

	Notes	Income and expenditure			Capital		
		2014-15 Unrestricted funds (restated) £000	2014-15 Restricted funds (restated) £000	2014-15 Total funds (restated) £000	2014-15 Unrestricted funds (restated) £000	2014-15 Restricted funds (restated) £000	2014-15 Total funds (restated) £000
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>	3						
– Grant in Aid		29,626	–	29,626	2,523	–	2,523
– Donated works of art		–	–	–	–	–	–
– Other donations and legacies		7,640	4,978	12,618	–	38,466	38,466
<i>Charitable activities</i>	4	12,264	–	12,264	–	–	–
<i>Other trading activities</i>	5						
– Trading income	11	29,753	–	29,753	373	57	430
– Other trading activities		6,400	–	6,400	–	–	–
<i>Investments</i>	6	39	7	46	–	–	–
<i>Other</i>		1,003	–	1,003	–	–	–
<b>Total</b>		<b>86,725</b>	<b>4,985</b>	<b>91,710</b>	<b>2,896</b>	<b>38,523</b>	<b>41,419</b>
<b>Expenditure on:</b>	8						
<i>Raising funds</i>							
Costs of generating donations and legacies		2,626	17	2,643	67	4	71
Fundraising trading: cost of goods sold and other costs							
– Trading costs		25,936	–	25,936	273	–	273
– Other costs of raising funds		4,583	16	4,599	59	4	63
Investment management costs		20	–	20	–	–	–
<i>Charitable activities</i>		49,080	4,945	54,025	2,641	15,555	18,196
<i>Other</i>		1,010	–	1,010	–	–	–
<b>Total</b>		<b>83,255</b>	<b>4,978</b>	<b>88,233</b>	<b>3,040</b>	<b>15,563</b>	<b>18,603</b>
Net gains on investments	16	–	4	4	–	–	–
<b>Net income/(expenditure)</b>		<b>3,470</b>	<b>11</b>	<b>3,481</b>	<b>(144)</b>	<b>22,960</b>	<b>22,816</b>
Transfers between funds	16	–	–	–	–	–	–
<b>Other recognised gains/(losses):</b>							
Gain on revaluation of tangible fixed assets	16	–	–	–	740	48,769	49,509
<b>Net movement of funds</b>		<b>3,470</b>	<b>11</b>	<b>3,481</b>	<b>596</b>	<b>71,729</b>	<b>72,325</b>
<b>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2014 (restated)	16	7,999	35	8,034	34,901	846,115	881,016
<b>Funds carried forward at 31 March 2015 (restated)</b>		<b>11,469</b>	<b>46</b>	<b>11,515</b>	<b>35,497</b>	<b>917,844</b>	<b>953,341</b>

The adoption of the new SORP has changed the presentation of information in the statement of financial activities (SOFA) as well as the recognition criteria for legacy income. Further details may be found in note 1.

<b>Collections</b>			<b>Total</b>			<b>2014-15 Total funds (restated) £000</b>
2014-15 Unrestricted funds (restated) £000	2014-15 Restricted funds (restated) £000	2014-15 Total funds (restated) £000	2014-15 Unrestricted funds (restated) £000	2014-15 Restricted funds (restated) £000	2014-15 Endowment funds (restated) £000	
-	-	-	32,149	-	-	<b>32,149</b>
-	74,147	74,147	-	74,147	-	<b>74,147</b>
-	3,938	3,938	7,640	47,382	-	<b>55,022</b>
19	-	19	12,283	-	-	<b>12,283</b>
419	-	419	30,545	57	-	<b>30,602</b>
-	-	-	6,400	-	-	<b>6,400</b>
-	308	308	39	315	-	<b>354</b>
-	-	-	1,003	-	-	<b>1,003</b>
<b>438</b>	<b>78,393</b>	<b>78,831</b>	<b>90,059</b>	<b>121,901</b>	-	<b>211,960</b>
-	-	-	2,693	21	-	<b>2,714</b>
-	-	-	26,209	-	-	<b>26,209</b>
-	-	-	4,642	20	-	<b>4,662</b>
-	51	51	20	51	-	<b>71</b>
-	-	-	51,721	20,500	-	<b>72,221</b>
-	-	-	1,010	-	-	<b>1,010</b>
-	<b>51</b>	<b>51</b>	<b>86,295</b>	<b>20,592</b>	-	<b>106,887</b>
-	45	45	-	49	820	<b>869</b>
<b>438</b>	<b>78,387</b>	<b>78,825</b>	<b>3,764</b>	<b>101,358</b>	<b>820</b>	<b>105,942</b>
-	-	-	-	-	-	-
-	-	-	740	48,769	-	<b>49,509</b>
<b>438</b>	<b>78,387</b>	<b>78,825</b>	<b>4,504</b>	<b>150,127</b>	<b>820</b>	<b>155,451</b>
17,925	308,097	326,022	60,825	1,154,247	10,548	<b>1,225,620</b>
<b>18,363</b>	<b>386,484</b>	<b>404,847</b>	<b>65,329</b>	<b>1,304,374</b>	<b>11,368</b>	<b>1,381,071</b>



**Consolidated Statement of Financial Activities restatement**

For the year ended 31 March 2015 (restated)

Old name	New name	2014-15 Total funds £000	Governance costs £000	Legacy income £000	2014-15 Total funds (restated) £000
<b>Incoming resources</b>	<b>Income and endowments from:</b>				
<i>Incoming resources from generated funds</i>	<i>Donations and legacies</i>				
Voluntary income					
– Grant in Aid	– Grant in Aid	32,149	–	–	32,149
– Donated works of art	– Donated works of art	72,742	–	1,405	74,147
– Other voluntary income	– Other donations and legacies	65,961	–	(10,939)	55,022
<i>Incoming resources from charitable activities</i>	<i>Charitable activities</i>	12,283	–	–	12,283
Activities for generating funds	<i>Other trading activities</i>				
– Trading income	– Trading income	30,602	–	–	30,602
– Other activities for generating funds	– Other trading activities	6,400	–	–	6,400
Investment income	<i>Investments</i>	354	–	–	354
<i>Other incoming resources</i>	<i>Other</i>	1,003	–	–	1,003
<b>Total incoming resources</b>	<b>Total</b>	<b>221,494</b>	–	<b>(9,534)</b>	<b>211,960</b>
<b>Resources expended</b>	<b>Expenditure on:</b>				
<i>Costs of generating funds</i>	<i>Raising funds</i>				
Costs of generating voluntary income	Costs of generating donations and legacies	2,706	8	–	2,714
Fundraising trading: cost of goods sold and other costs	Fundraising trading: cost of goods sold and other costs				
– Trading costs	– Trading costs	26,209	–	–	26,209
– Other costs of generating funds	– Other costs of raising funds	4,137	525	–	4,662
Investment management costs	Investment management costs	71	–	–	71
<i>Charitable activities</i>	<i>Charitable activities</i>	72,082	139	–	72,221
<i>Governance costs</i>		672	(672)	–	–
<i>Other resources expended</i>	<i>Other</i>	1,010	–	–	1,010
<b>Total resources expended</b>	<b>Total</b>	<b>106,887</b>	–	–	<b>106,887</b>
Gain on investment assets	Net gains on investments	869	–	–	869
Net incoming/(outgoing) resources before transfers	<b>Net income/(expenditure)</b>	<b>115,476</b>	–	<b>(9,534)</b>	<b>105,942</b>
Transfers between funds	Transfers between funds	–	–	–	–
Gain on revaluation of tangible fixed assets	<b>Other recognised gains/(losses):</b>				
<b>Net movement of funds</b>	Gain on revaluation of tangible fixed assets	49,509	–	–	49,509
Funds brought forward at 1 April 2014	<b>Net movement of funds</b>	<b>164,985</b>	–	<b>(9,534)</b>	<b>155,451</b>
<b>Funds carried forward at 31 March 2015</b>	<b>Reconciliation of funds:</b>				
	Funds brought forward at 1 April 2014	1,212,017	–	13,603	1,225,620
	<b>Funds carried forward at 31 March 2015</b>	<b>1,377,002</b>	–	<b>4,069</b>	<b>1,381,071</b>

**Consolidated Balance Sheet at 31 March 2015 restatement**

	2015 £000	Legacy income £000	2015 (restated) £000
<b>Fixed assets</b>			
Tangible assets	947,076	–	947,076
Heritage assets	402,716	–	402,716
Investments	11,751	–	11,751
	<u>1,361,543</u>	<u>–</u>	<u>1,361,543</u>
<b>Current assets</b>			
Stocks	3,472	–	3,472
Debtors and prepayments	8,630	4,069	12,699
Cash and liquid resources	23,823	–	23,823
	<u>35,925</u>	<u>4,069</u>	<u>39,994</u>
<b>Creditors: amounts falling due within one year</b>	(19,940)	–	(19,940)
<b>Net current assets</b>	<u>15,985</u>	<u>4,069</u>	<u>20,054</u>
<b>Total assets less current liabilities</b>	<u>1,377,528</u>	<u>4,069</u>	<u>1,381,597</u>
<b>Creditors: amounts falling due after more than one year</b>	(526)	–	(526)
<b>Total assets less liabilities</b>	<u>1,377,002</u>	<u>4,069</u>	<u>1,381,071</u>
Represented by:			
Restricted reserves	1,300,310	4,064	1,304,374
Unrestricted reserves			
Designated	53,855	5	53,860
General	11,469	–	11,469
<b>Total funds</b>	<u>1,365,634</u>	<u>4,069</u>	<u>1,369,703</u>
Endowments	11,368	–	11,368
<b>Total funds</b>	<u>1,377,002</u>	<u>4,069</u>	<u>1,381,071</u>

**Tate Balance Sheet at 31 March 2015 restatement**

	2015 £000	Legacy income £000	2015 (restated) £000
<b>Fixed assets</b>			
Tangible assets	946,339	–	946,339
Heritage assets	402,716	–	402,716
Investments	14,246	–	14,246
	<u>1,363,301</u>	<u>–</u>	<u>1,363,301</u>
<b>Current assets</b>			
Debtors and prepayments	12,706	4,069	16,775
Cash and liquid resources	19,431	–	19,431
	<u>32,137</u>	<u>4,069</u>	<u>36,206</u>
<b>Creditors: amounts falling due within one year</b>	(18,270)	–	(18,270)
<b>Net current assets</b>	<u>13,867</u>	<u>4,069</u>	<u>17,936</u>
<b>Total assets less current liabilities</b>	<u>1,377,168</u>	<u>4,069</u>	<u>1,381,237</u>
<b>Creditors: amounts falling due after more than one year</b>	(526)	–	(526)
<b>Total assets less liabilities</b>	<u>1,376,642</u>	<u>4,069</u>	<u>1,380,711</u>
Represented by:			
Restricted reserves	1,300,299	4,064	1,304,363
Unrestricted reserves			
Designated	53,118	5	53,123
General	11,857	–	11,857
<b>Total funds</b>	<u>1,365,274</u>	<u>4,069</u>	<u>1,369,343</u>
Endowments	11,368	–	11,368
<b>Total funds</b>	<u>1,376,642</u>	<u>4,069</u>	<u>1,380,711</u>

**Consolidated Balance Sheet at 31 March 2014 restatement**

	2014 £000	Legacy income £000	2014 (restated) £000
<b>Fixed assets</b>			
Tangible assets	868,805	–	868,805
Heritage assets	325,735	–	325,735
Investments	10,791	–	10,791
	<u>1,205,331</u>	<u>–</u>	<u>1,205,331</u>
<b>Current assets</b>			
Stocks	3,422	–	3,422
Debtors and prepayments	8,343	13,603	21,946
Cash and liquid resources	18,865	–	18,865
	<u>30,630</u>	<u>13,603</u>	<u>44,233</u>
<b>Creditors: amounts falling due within one year</b>	(23,262)	–	(23,262)
<b>Net current assets</b>	<u>7,368</u>	<u>13,603</u>	<u>20,971</u>
<b>Total assets less current liabilities</b>	<u>1,212,699</u>	<u>13,603</u>	<u>1,226,302</u>
<b>Creditors: amounts falling due after more than one year</b>	(682)	–	(682)
<b>Total assets less liabilities</b>	<u>1,212,017</u>	<u>13,603</u>	<u>1,225,620</u>
Represented by:			
Restricted reserves	1,140,649	13,603	1,154,252
Unrestricted reserves			
Designated	52,821	–	52,821
General	7,999	–	7,999
<b>Total funds</b>	<u>1,201,469</u>	<u>13,603</u>	<u>1,215,072</u>
Endowments	10,548	–	10,548
<b>Total funds</b>	<u>1,212,017</u>	<u>13,603</u>	<u>1,225,620</u>

**Tate Balance Sheet at 31 March 2014 restatement**

	2014 £000	Legacy income £000	2014 (restated) £000
<b>Fixed assets</b>			
Tangible assets	867,980	–	867,980
Heritage assets	325,735	–	325,735
Investments	13,286	–	13,286
	<u>1,207,001</u>	<u>–</u>	<u>1,207,001</u>
<b>Current assets</b>			
Debtors and prepayments	10,809	13,603	24,412
Cash and liquid resources	15,662	–	15,662
	<u>26,471</u>	<u>13,603</u>	<u>40,074</u>
<b>Creditors: amounts falling due within one year</b>	(21,106)	–	(21,106)
<b>Net current assets</b>	<u>5,365</u>	<u>13,603</u>	<u>18,968</u>
<b>Total assets less current liabilities</b>	<u>1,212,366</u>	<u>13,603</u>	<u>1,225,969</u>
<b>Creditors: amounts falling due after more than one year</b>	(682)	–	(682)
<b>Total assets less liabilities</b>	<u>1,211,684</u>	<u>13,603</u>	<u>1,225,287</u>
Represented by:			
Restricted reserves	1,140,635	13,603	1,154,238
Unrestricted reserves			
Designated	51,996	–	51,996
General	8,505	–	8,505
<b>Total funds</b>	<u>1,201,136</u>	<u>13,603</u>	<u>1,214,739</u>
Endowments	10,548	–	10,548
<b>Total funds</b>	<u>1,211,684</u>	<u>13,603</u>	<u>1,225,287</u>

**3. Donations and legacies**

	<b>2016</b>	2015 (restated)
	<b>£000</b>	£000
Grant in Aid	<b>32,691</b>	32,149
Donated works of art	<b>4,867</b>	74,147
Lottery and other public funding		
Arts and Humanities Research Council	–	31
Arts Council	<b>1,872</b>	910
Big Lottery Fund – Coastal Communities Fund	<b>2,196</b>	23
British Council	–	18
City of Liverpool	<b>41</b>	41
European Regional Development Fund	<b>92</b>	385
Heritage Lottery Fund	<b>669</b>	1,175
Newcastle Upon Tyne City Council	<b>1</b>	15
Southwark Council	<b>1,000</b>	–
Total Lottery and other public funding	<b>5,871</b>	2,598
Donations from connected charities	<b>63,047</b>	46,713
Other donations	<b>8,477</b>	5,711
	<b>114,953</b>	161,318
of which the following is taken to (see page 44)		
Income and expenditure	<b>44,218</b>	42,244
Capital	<b>58,854</b>	40,989
Collections	<b>11,881</b>	78,085
Endowments	–	–

Arts Council funding includes £1,559,000 of a total grant of £4,000,000 (of which £2,001,000 has been drawn to date), which expires on 31 October 2017. The Big Lottery Funding is a Coastal Communities Fund grant (total £3,872,000), which expires on 31 December 2016. Both grants are funding for the Tate St Ives phase 2 project.

**4. Charitable activities**

	<b>2016</b>	2015
	<b>£000</b>	£000
Admissions	<b>5,139</b>	9,330
Other incoming resources from charitable activities	<b>3,334</b>	2,953
	<b>8,473</b>	12,283
of which the following is taken to (see page 44)		
Income and expenditure	<b>8,443</b>	12,264
Capital	–	–
Collections	<b>30</b>	19

**5. Other trading activities**

	<b>2016</b>	2015
	<b>£000</b>	£000
Trading	<b>24,440</b>	30,602
Sponsorship	<b>4,808</b>	3,812
Other activities for generating funds	<b>2,069</b>	2,588
	<b>31,317</b>	37,002
of which the following is taken to (see page 44)		
Income and expenditure	<b>30,488</b>	36,153
Capital	<b>259</b>	430
Collections	<b>570</b>	419

Included in sponsorship income is £332,000 of barter advertising (£262,000 in 2014-15), computed at estimated cost value.

**6. Investments**

	<b>2016</b>	2015
	<b>£000</b>	£000
Bank interest	<b>40</b>	40
Income on quoted investments	<b>346</b>	314
	<b>386</b>	354
of which the following is taken to (see page 44)		
Income and expenditure	<b>47</b>	46
Capital	-	-
Collections	<b>339</b>	308

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

Investments total £11,420,000 (£11,751,000 in 2014-15).

	2015	Additions/ (disposals)	Realised and unrealised	<b>2016</b>
	Market	in year	gains/(losses)	<b>Market</b>
	value	£000	£000	<b>value</b>
	£000	£000	£000	<b>£000</b>
Investment portfolio:				
UK fixed interest	1,786	29	(56)	<b>1,759</b>
Non-UK fixed interest	105	(95)	(10)	-
UK equities	3,424	48	(285)	<b>3,187</b>
Non-UK equities	4,184	(199)	(93)	<b>3,892</b>
Property	1,435	-	61	<b>1,496</b>
Alternatives	704	119	(8)	<b>815</b>
Cash	113	158	-	<b>271</b>
Group investments total	11,751	60	(391)	<b>11,420</b>
Subsidiaries' issued share capital (at cost)	2,495	-	-	<b>2,495</b>
Tate investments total	14,246	60	(391)	<b>13,915</b>

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

**7. Net income/(expenditure)**

is stated after charging:

	<b>2016</b>	2015
	<b>£000</b>	£000
Auditors' remuneration		
Comptroller and Auditor General	<b>57</b>	54
Subsidiaries – audit, Grant Thornton	<b>37</b>	33
Subsidiaries – taxation & technical advice, Grant Thornton	<b>5</b>	7
Taxation advice	<b>50</b>	54
Operating lease rentals		
Land and buildings	<b>589</b>	594
Vehicles and equipment	<b>141</b>	70
Depreciation	<b>19,012</b>	18,602
Loss on disposal of fixed assets	<b>2,273</b>	–

**8. Total expenditure**

	Staff costs	Other direct costs	Support costs	Depreciation*	<b>2016</b> <b>Total</b>	2015 Total (restated)
	£000	£000	£000	£000	<b>£000</b>	£000
<i>Raising funds</i>						
Costs of generating donations and legacies	1,466	153	1,088	70	<b>2,777</b>	2,714
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,787	13,393	–	235	<b>23,415</b>	26,209
– Other costs of raising funds	2,696	494	1,572	64	<b>4,826</b>	4,662
Investment management costs	–	53	19	–	<b>72</b>	71
<i>Total costs of raising funds</i>	<u>13,949</u>	<u>14,093</u>	<u>2,679</u>	<u>369</u>	<b>31,090</b>	<u>33,656</u>
<i>Charitable activities</i>						
– Gallery activities	12,852	14,016	14,367	17,432	<b>58,667</b>	58,167
– Gallery operations	2,757	2,364	1,158	680	<b>6,959</b>	5,667
– Collections	4,937	1,123	2,665	2,804	<b>11,529</b>	8,378
– Lease cost	–	9	–	–	<b>9</b>	9
<i>Total charitable activities</i>	<u>20,546</u>	<u>17,512</u>	<u>18,190</u>	<u>20,916</u>	<b>77,164</b>	<u>72,221</u>
<i>Other</i>	536	–	423	–	<b>959</b>	1,010
<b>Total</b>	<u>35,031</u>	<u>31,605</u>	<u>21,292</u>	<u>21,285</u>	<b>109,213</b>	<u>106,887</u>

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

The Chairman and other Trustees received no remuneration; three Trustees (three in 2014-15) received reimbursement of travel and subsistence expenses amounting to £5,759 in 2015-16 (£5,282 in 2014-15).



## a) Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	<b>2016 Total £000</b>	2015 Total (restated) £000
<i>Raising funds</i>								
Costs of generating donations and legacies	9	43	68	147	771	50	<b>1,088</b>	956
Fundraising trading: cost of goods sold and other costs								
– Other costs of raising funds	598	38	61	133	696	46	<b>1,572</b>	1,354
Investment management costs	–	19	–	–	–	–	<b>19</b>	20
<i>Total costs of raising funds</i>	<u>607</u>	<u>100</u>	<u>129</u>	<u>280</u>	<u>1,467</u>	<u>96</u>	<b><u>2,679</u></b>	<u>2,330</u>
<i>Charitable activities</i>								
– Gallery activities	105	519	711	1,758	10,659	615	<b>14,367</b>	14,441
– Gallery operations	19	100	167	338	416	118	<b>1,158</b>	1,040
– Collections	23	116	278	395	1,715	138	<b>2,665</b>	1,251
<i>Total charitable activities</i>	<u>147</u>	<u>735</u>	<u>1,156</u>	<u>2,491</u>	<u>12,790</u>	<u>871</u>	<b><u>18,190</u></b>	<u>16,732</u>
<i>Other</i>	<u>–</u>	<u>423</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<b><u>423</u></b>	<u>414</u>
<b>Total</b>	<u><b>754</b></u>	<u><b>1,258</b></u>	<u><b>1,285</b></u>	<u><b>2,771</b></u>	<u><b>14,257</b></u>	<u><b>967</b></u>	<b><u><b>21,292</b></u></b>	<u><b>19,476</b></u>
Basis of allocation	FTE/ expenditure	expenditure	average FTE	expenditure	depreciation charge	expenditure		

Support costs include an element of staff costs amounting to £5,976,000 (£5,213,000 (restated) in 2014-15).

## b) Staff costs

	<b>2016 £000</b>	2015 £000
Wages and salaries	<b>32,360</b>	32,411
Pension costs	<b>4,774</b>	4,340
Social Security costs	<b>2,418</b>	2,454
Redundancy costs	<b>80</b>	47
Total employee costs	<b>39,632</b>	39,252
Agency staff costs	<b>1,375</b>	1,450
	<b><u>41,007</u></b>	<u>40,702</u>

In addition, £1,367,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2015-16 (£1,357,000 in 2014-15). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 47 in 2015-16 (40 in 2014-15).

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:

	<b>2016</b>	2015
	<b>No.</b>	No.
£60,000 – £64,999	<b>5</b>	7
£65,000 – £69,999	<b>4</b>	4
£70,000 – £74,999	<b>3</b>	2
£75,000 – £79,999	<b>1</b>	3
£80,000 – £84,999	<b>7</b>	2
£85,000 – £89,999	<b>1</b>	–
£90,000 – £94,999	–	3
£95,000 – £99,999	<b>2</b>	1
£115,000 – £119,999	<b>1</b>	1
£125,000 – £129,999	<b>1</b>	1
£150,000 – £154,999	–	1
£175,000 – £179,999	<b>1</b>	–
£185,000 – £189,999	–	1
£190,000 – £194,999	<b>1</b>	–

Twenty-six of the twenty-seven staff earning more than £60,000 are members of a defined benefit pension scheme; their total contributions to the scheme amounted to £500,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,184 (1,252 in 2014-15). Included within this total are 13 FTE staff on temporary contracts (13 in 2014-15) and 82 FTE staff on fixed-term contracts (80 in 2014-15).

The breakdown of average FTE staff by occupational group was:

	<b>2016</b>	2015 (restated)
	<b>No.</b>	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	<b>38</b>	39
Fundraising trading: cost of goods sold and other costs		
- Trading	<b>440</b>	476
- Other	<b>83</b>	84
Investment management costs	–	1
<i>Charitable activities</i>	<b>601</b>	627
<i>Other resources expended</i>	<b>22</b>	25
	<b>1,184</b>	1,252

Exit package cost band	Number of compulsory redundancies	Number of other redundancies agreed	<b>Total number of exit packages by cost band 2016</b>	Total number of exit packages by cost band 2015
<£10,000	1	–	<b>1</b>	5
£10,000 - £25,000	–	–	–	1
£25,000 - £50,000	<u>2</u>	–	<u>2</u>	–
Total number of exit packages	<u>3</u>	–	<u>3</u>	6
Total resource cost/£	<u>80,000</u>	–	<u>80,000</u>	47,000

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 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or *alpha*, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined *alpha*. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (*classic*, *premium* or *classic plus*) with a normal pension age of 60; and one providing benefits on a whole career basis (*nuvos*) with a normal pension age of 65.

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*, *nuvos* and *alpha* are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into *alpha* sometime between 1 June 2015 and 1 February 2022. All members who switch to *alpha* have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave *alpha*. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of *classic* (and members of *alpha* who were members of *classic* immediately before joining *alpha*) and between 4.6% and 8.05% for members of *premium*, *classic plus*, *nuvos* and all other members of *alpha*. Benefits in *classic* accrue at the rate of 1/80th 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*, benefits accrue at the rate of 1/60th 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 their 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 their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in *alpha* build up in a similar way to *nuvos*, except that the accrual rate is 2.32%. 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.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

For 2015-16, employers' contributions of £4,062,000 were payable to the PCSPS (2014-15 £3,591,000) at one of four rates in the range of 20.0% to 24.5% 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 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £123,000 (2014-15 £126,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £109,000 (£176,000 in 2014-15), 0.5% of pensionable pay (0.8% in 2014-15), 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 2014-15); the total additional accrued pension liabilities to PCSPS in the year amounted to £nil (£1,677 in 2014-15).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of *classic*, *premium* and *classic plus*, 65 for members of *nuvos*, and the higher of 65 or State Pension Age for members of *alpha*.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

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 £480,000 were made in the year (2014-15 £447,000).

## 9. Tangible assets

Group	Assets in							Total tangible assets
	Land	Freehold buildings	Leasehold improvements	the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2015	183,100	58,018	21,386	211,925	113,944	375,875	14,575	978,823
Additions at cost	–	–	3,163	57,399	1,119	–	497	62,178
Valuation of assets	4,300	1,653	702	–	3,288	8,796	–	18,739
Disposals	–	–	–	(2,278)	–	–	(289)	(2,567)
<b>Value at 31 March 2016</b>	<b>187,400</b>	<b>59,671</b>	<b>25,251</b>	<b>267,046</b>	<b>118,351</b>	<b>384,671</b>	<b>14,783</b>	<b>1,057,173</b>
Depreciation at 1 April 2015	–	683	403	–	8,961	9,045	12,655	31,747
Charge for the year	–	696	269	–	7,890	9,303	854	19,012
Valuation of assets	–	19	45	–	327	258	–	649
Disposals	–	–	–	–	–	–	(278)	(278)
<b>Depreciation at 31 March 2016</b>	<b>–</b>	<b>1,398</b>	<b>717</b>	<b>–</b>	<b>17,178</b>	<b>18,606</b>	<b>13,231</b>	<b>51,130</b>
<b>Net book value at 31 March 2016</b>	<b>187,400</b>	<b>58,273</b>	<b>24,534</b>	<b>267,046</b>	<b>101,173</b>	<b>366,065</b>	<b>1,552</b>	<b>1,006,043</b>
Net book value at 1 April 2015	183,100	57,335	20,983	211,925	104,983	366,830	1,920	947,076
<b>Historic cost NBV at 31 March 2016</b>	<b>50,560</b>	<b>42,327</b>	<b>12,168</b>	<b>267,046</b>	<b>46,452</b>	<b>78,553</b>	<b>1,552</b>	<b>498,658</b>
<b>Tate</b>								
	Land	Freehold buildings	Leasehold improvements	the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2015	183,100	57,856	21,386	211,925	113,944	375,875	10,663	974,749
Additions at cost	–	–	3,163	57,399	1,119	–	238	61,919
Valuation of assets	4,300	1,653	702	–	3,288	8,796	–	18,739
Disposals	–	–	–	(2,278)	–	–	(156)	(2,434)
<b>Value at 31 March 2016</b>	<b>187,400</b>	<b>59,509</b>	<b>25,251</b>	<b>267,046</b>	<b>118,351</b>	<b>384,671</b>	<b>10,745</b>	<b>1,052,973</b>
Depreciation at 1 April 2015	–	658	403	–	8,961	9,045	9,343	28,410
Charge for the year	–	677	269	–	7,890	9,303	633	18,772
Valuation of assets	–	19	45	–	327	258	–	649
Disposals	–	–	–	–	–	–	(156)	(156)
<b>Depreciation at 31 March 2016</b>	<b>–</b>	<b>1,354</b>	<b>717</b>	<b>–</b>	<b>17,178</b>	<b>18,606</b>	<b>9,820</b>	<b>47,675</b>
<b>Net book value at 31 March 2016</b>	<b>187,400</b>	<b>58,155</b>	<b>24,534</b>	<b>267,046</b>	<b>101,173</b>	<b>366,065</b>	<b>925</b>	<b>1,005,298</b>
Net book value at 1 April 2015	183,100	57,198	20,983	211,925	104,983	366,830	1,320	946,339
<b>Historic cost NBV at 31 March 2016</b>	<b>50,560</b>	<b>42,209</b>	<b>12,168</b>	<b>267,046</b>	<b>46,452</b>	<b>78,553</b>	<b>925</b>	<b>497,913</b>

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 quinquennial full

revaluation of the Trustees' property holdings was undertaken at 31 March 2014 by Deloitte, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book"; RICS Appraisal and Valuation Standards. Specialised property is valued at depreciated replacement cost and non-specialised property at market value for existing use.

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

Where no formal revaluation is undertaken, buildings, plant and fit-out and the buildings and plant element of long leasehold assets have been revalued using indices provided by the Department for Business, Innovations and Skills; land and the land element of long leasehold assets have been revalued using information provided by Deloitte.

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

In the financial year ended 31 March 2009 work on Tate's National Art Collection Centre ceased due to a need to reappraise requirements and to focus fundraising during a recession on the capital programmes at Tate Modern and Tate Britain. The scheme as it stands now is not appropriate for Tate's needs and future requirements need to be assessed in conjunction with evolving plans for national museum sector storage. As a result the £2,278,000 held in assets in the course of construction for the National Art Collection Centre has been written down to zero. Under Managing Public Money this is formally classified as a constructive loss and was approved by DCMS on 28 June 2016.

The net book value at 31 March 2016 represents fixed assets for:

Group	Land £000	Freehold buildings £000	Leasehold improvements £000	Assets in	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
				the course of construction £000				
Charitable activities	187,400	58,155	24,534	267,046	101,173	366,065	925	1,005,298
Other activities	-	118	-	-	-	-	627	745
	<u>187,400</u>	<u>58,273</u>	<u>24,534</u>	<u>267,046</u>	<u>101,173</u>	<u>366,065</u>	<u>1,552</u>	<u>1,006,043</u>

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

**10. Heritage assets****Group and Tate**

	Value at 1 April 2015 £000	Additions £000	Value at 31 March 2016 £000
<i>Cost</i>			
Installations	14,892	1,315	<b>16,207</b>
Paintings	57,836	1,064	<b>58,900</b>
Reliefs	1,467	–	<b>1,467</b>
Sculptures	17,308	2,340	<b>19,648</b>
Works on paper	16,646	2,387	<b>19,033</b>
Time-based media	313	639	<b>952</b>
Archives	3,318	68	<b>3,386</b>
Other	342	–	<b>342</b>
ARTIST ROOMS	20,633	20	<b>20,653</b>
<i>Valuation</i>			
Installations	9,296	1,530	<b>10,826</b>
Paintings	159,915	3,131	<b>163,046</b>
Reliefs	678	45	<b>723</b>
Sculptures	31,705	241	<b>31,946</b>
Works on paper	13,752	1,281	<b>15,033</b>
Time-based media	194	126	<b>320</b>
Archives	6,114	220	<b>6,334</b>
Other	284	3	<b>287</b>
ARTIST ROOMS	48,023	60	<b>48,083</b>
Total additions	<u>402,716</u>	<u>14,470</u>	<b><u>417,186</u></b>

In the year 1,024 works of art and archives were added to the Collection of which 576 are included at cost price and 448 (including 1 part-purchased ARTIST ROOMS work) have been valued.

**Five-year financial summary of heritage asset transactions**

	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000	2011-12 £000
<i>Cost</i>					
Installations	1,315	1,136	883	2,379	808
Paintings	1,064	1,317	24,659	920	988
Reliefs	-	131	163	36	247
Sculptures	2,340	254	489	1,013	1,148
Works on paper	2,387	969	1,549	1,353	1,368
Time-based media	639	309	4	-	-
Archives	68	69	1,533	17	1
ARTIST ROOMS	20	54	-	-	32
<i>Valuation</i>					
Installations	1,530	2,171	671	1,872	378
Paintings	3,131	57,408	1,264	10,451	1,141
Reliefs	45	147	-	34	3
Sculptures	241	10,654	134	2,212	467
Works on paper	1,281	1,677	1,215	2,510	456
Time-based media	126	194	-	-	-
Archives	220	210	337	629	663
Other	3	-	-	-	-
ARTIST ROOMS	60	281	695	785	192
Total additions	<b>14,470</b>	<b>76,981</b>	<b>33,596</b>	<b>24,211</b>	<b>7,892</b>

**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 72,451 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 foreword on page 8.

On the publication of the report of the Spoliation Advisory Panel in September 2015, the Trustees agreed that the recommendation should be followed and the ownership of *Beaching a Boat, Brighton 1824* by John Constable should be transferred to the claimants. As at 31 March 2016 the practicalities of transfer were being discussed with the claimants. On transfer of ownership the work will be de-accessioned from Tate's collection at its net book value of £nil.

More information is available on Tate's website, [www.tate.org.uk](http://www.tate.org.uk). The Collection is under the care of the Collection Care department, details of which can be found at <http://www.tate.org.uk/about/our-work/conservation> and the Acquisitions and Disposals and Loans policy can be found at <http://www.tate.org.uk/about/our-work/collection>.

## 11. 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.

	<b>2016</b>	2015
	<b>£000</b>	£000
Fixed assets	<b>745</b>	737
Current assets	<b>7,092</b>	9,373
Current liabilities	<b>(4,861)</b>	(7,266)
Long-term liabilities	<b>(38)</b>	–
Net assets	<b>2,938</b>	2,844
Capital and reserves	<b>2,938</b>	2,844

Current assets include stock of £3,351,000, comprising: work in progress £164,000; finished goods and goods for resale £3,187,000 (£3,472,000, comprising: work in progress £202,000; finished goods and goods for resale £3,270,000 in 2014-15).

	<b>2016</b>	2015
	<b>£000</b>	£000
Turnover	<b>25,537</b>	31,751
Cost of sales	<b>(9,643)</b>	(11,716)
Gross profit	<b>15,894</b>	20,035
Other income	<b>53</b>	–
Administrative expenses	<b>(15,154)</b>	(14,928)
Trading profit	<b>793</b>	5,107
Interest receivable	<b>9</b>	11
Net contribution	<b>802</b>	5,118

The net contribution consists of £369,000 from publishing and retail operations (£3,580,000 in 2014-15), loss of £100,000 from catering operations (profit of £815,000 in 2014-15) and £533,000 from education and media services (£723,000 in 2014-15). Turnover includes £1,005,000 of sales to Tate (£962,000 in 2014-15). Administrative expenses include £1,352,000 of expenditure recharged by Tate (£434,000 in 2014-15).

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

### *Tate Gallery Publishing Limited*

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

### *Tate Gallery Projects Limited*

Tate Gallery Projects Limited is a wholly owned subsidiary of the Board of Trustees of the Tate Gallery. Its principal activities consist of fundraising and project management in respect of the Tate Modern development project. Net assets have decreased by £2,928 to £8,736 in the year.



**12. Debtors**

	<b>Group</b>		<b>Tate</b>	
	<b>2016</b>	2015 (restated)	<b>2016</b>	2015 (restated)
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>7,487</b>	5,383	<b>6,438</b>	4,354
Amounts due from group companies	–	–	<b>1,723</b>	5,280
Other debtors	<b>1,191</b>	1,017	<b>1,144</b>	952
Prepayments and accrued income	<b>5,444</b>	6,299	<b>5,264</b>	6,189
	<b>14,122</b>	12,699	<b>14,569</b>	16,775

**13. Cash and liquid resources**

	<b>Group</b>		<b>Tate</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
held at/in:				
Government Banking Service	<b>1,863</b>	2,742	<b>1,863</b>	2,742
Floating rates	<b>16,173</b>	20,963	<b>13,948</b>	16,630
Cash and non-interest-bearing accounts	<b>14</b>	118	<b>55</b>	59
	<b>18,050</b>	23,823	<b>15,866</b>	19,431

Reconciliation to liquid resources (see note 18(ii))

	<b>2016</b>	2015
	<b>£000</b>	£000
Floating rates	<b>16,173</b>	20,963
Less: funds held in interest-bearing current or call accounts	–	–
Liquid resources (funds held on deposit)	<b>16,173</b>	20,963

**14. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Tate</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>2,579</b>	2,210	<b>1,876</b>	1,428
Amounts due to group companies	–	–	<b>144</b>	345
Taxation and social security	<b>1,595</b>	829	<b>537</b>	518
Other creditors	<b>2,306</b>	2,589	<b>2,139</b>	2,407
Accruals	<b>13,324</b>	10,583	<b>12,380</b>	9,876
Deferred income	<b>4,124</b>	3,719	<b>4,004</b>	3,686
Obligations under finance lease (note 20)	<b>10</b>	10	<b>10</b>	10
	<b>23,938</b>	19,940	<b>21,090</b>	18,270

**Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Tate</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>174</b>	100	<b>174</b>	100
Deferred income	<b>42</b>	46	<b>3</b>	46
Obligations under finance lease (note 20)	<b>378</b>	380	<b>378</b>	380
	<b>594</b>	526	<b>555</b>	526

**Deferred income**

	<b>Group</b>		<b>Tate</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income brought forward	<b>3,765</b>	3,193	<b>3,732</b>	3,140
Released in year	<b>(3,325)</b>	(3,078)	<b>(3,186)</b>	(2,755)
Deferred in year	<b>3,726</b>	3,650	<b>3,461</b>	3,347
Deferred income carried forward	<b>4,166</b>	3,765	<b>4,007</b>	3,732

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

**15. Operating leases**

At 31 March 2016 Tate had annual commitments under non-cancellable leases as follows:

<b>Group</b>	Land and buildings £000	Other £000	<b>2016</b> <b>£000</b>	2015 (restated) £000
Operating leases expiring within				
One year	598	87	<b>685</b>	663
Two to five years	524	139	<b>663</b>	1,264
More than five years	–	–	–	11
	<u>1,122</u>	<u>226</u>	<b>1,348</b>	<u>1,938</u>
<b>Tate</b>	Land and buildings £000	Other £000	<b>2016</b> <b>£000</b>	2015 (restated) £000
Operating leases expiring within				
One year	477	24	<b>501</b>	488
Two to five years	485	–	<b>485</b>	938
More than five years	–	–	–	–
	<u>962</u>	<u>24</u>	<b>986</b>	<u>1,426</u>

**16. Statement of funds**

<b>Group</b>	Opening funds (restated) £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	18,307	-	294	-	-	-	<b>18,601</b>
Buildings and equipment	35,497	-	2,699	(4,647)	800	-	<b>34,349</b>
Collection fund	56	-	(5)	-	-	-	<b>51</b>
	<u>53,860</u>	-	<u>2,988</u>	<u>(4,647)</u>	<u>800</u>	-	<b>53,001</b>
<i>General funds</i>	11,469	-	76,988	(78,958)	-	-	<b>9,499</b>
<b>Total unrestricted funds</b>	<u>65,329</u>	-	<u>79,976</u>	<u>(83,605)</u>	<u>800</u>	-	<b>62,500</b>
<b>Restricted</b>							
Tate Modern development	83,913	5,000	-	(9,496)	8,374	-	<b>87,791</b>
Buildings and equipment	331,846	(5,000)	56,414	(8,901)	3,616	-	<b>377,975</b>
Revaluation reserve	502,085	-	-	-	5,300	-	<b>507,385</b>
Works of art	386,114	-	12,402	-	-	-	<b>398,516</b>
Acquisition trust funds	370	-	129	(52)	-	(3)	<b>444</b>
Other funds	46	-	7,162	(7,159)	-	(1)	<b>48</b>
	<u>1,304,374</u>	-	<u>76,107</u>	<u>(25,608)</u>	<u>17,290</u>	<u>(4)</u>	<b>1,372,159</b>
<b>Endowments</b>	11,368	-	-	-	-	(387)	<b>10,981</b>
<b>Total funds</b>	<u>1,381,071</u>	-	<u>156,083</u>	<u>(109,213)</u>	<u>18,090</u>	<u>(391)</u>	<b>1,445,640</b>

<b>Tate</b>	Opening funds (restated) £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	18,307	–	294	–	–	–	<b>18,601</b>
Buildings and equipment	34,760	–	2,440	(4,396)	800	–	<b>33,604</b>
Collection fund	56	–	(5)	–	–	–	<b>51</b>
	<u>53,123</u>	<u>–</u>	<u>2,729</u>	<u>(4,396)</u>	<u>800</u>	<u>–</u>	<b>52,256</b>
<i>General funds</i>	<u>11,857</u>	<u>–</u>	<u>55,504</u>	<u>(57,559)</u>	<u>–</u>	<u>–</u>	<b>9,802</b>
<b>Total unrestricted funds</b>	<u>64,980</u>	<u>–</u>	<u>58,233</u>	<u>(61,955)</u>	<u>800</u>	<u>–</u>	<b>62,058</b>
<b>Restricted</b>							
Tate Modern development	83,902	5,000	–	(9,494)	8,374	–	<b>87,782</b>
Buildings and equipment	331,846	(5,000)	56,414	(8,901)	3,616	–	<b>377,975</b>
Revaluation reserve	502,085	–	–	–	5,300	–	<b>507,385</b>
Works of art	386,114	–	12,402	–	–	–	<b>398,516</b>
Acquisition trust funds	370	–	129	(52)	–	(3)	<b>444</b>
Other funds	46	–	7,162	(7,159)	–	(1)	<b>48</b>
	<u>1,304,363</u>	<u>–</u>	<u>76,107</u>	<u>(25,606)</u>	<u>17,290</u>	<u>(4)</u>	<b>1,372,150</b>
<b>Endowments</b>	<u>11,368</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(387)</u>	<b>10,981</b>
<b>Total funds</b>	<u>1,380,711</u>	<u>–</u>	<u>134,340</u>	<u>(87,561)</u>	<u>18,090</u>	<u>(391)</u>	<b>1,445,189</b>

**Fair value reserve (investments) – movements**

	As at 1 April 2015 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2016 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<b>Restricted</b>						
Acquisition trust funds	56	(2)	(8)	46	360	406
Other funds	7	–	(1)	6	42	48
	<u>63</u>	<u>(2)</u>	<u>(9)</u>	<u>52</u>	<u>402</u>	<u>454</u>
<b>Endowments</b>	<u>1,791</u>	<u>(266)</u>	<u>(280)</u>	<u>1,245</u>	<u>9,721</u>	<u>10,966</u>
<b>Total funds</b>	<u>1,854</u>	<u>(268)</u>	<u>(289)</u>	<u>1,297</u>	<u>10,123</u>	<u>11,420</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 fundraising appeal.

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

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

### Endowment funds

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

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

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

- *Porter Kreitman Artists Book Fund* – permanent endowment for the purchase of artists' books. The capital element of this endowment remains permanently intact and only the income can be spent.

## 17. Analysis of net assets between funds

Funds balances at 31 March 2016 are represented by:

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2016 £000	Total 2015 (restated) £000
Tangible assets	34,349	971,694	–	<b>1,006,043</b>	947,076
Heritage assets	18,601	398,585	–	<b>417,186</b>	402,716
Investments	–	454	10,966	<b>11,420</b>	11,751
Net current assets	9,766	1,804	15	<b>11,585</b>	20,054
Long term creditors	(216)	(378)	–	<b>(594)</b>	(526)
Total net assets	<u>62,500</u>	<u>1,372,159</u>	<u>10,981</u>	<b><u>1,445,640</u></b>	<u>1,381,071</u>
<b>Tate</b>	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2016 £000</b>	Total 2015 (restated) £000
Tangible assets	33,604	971,694	–	<b>1,005,298</b>	946,339
Heritage assets	18,601	398,585	–	<b>417,186</b>	402,716
Investments	2,495	454	10,966	<b>13,915</b>	14,246
Net current assets	7,535	1,795	15	<b>9,345</b>	17,936
Long term creditors	(177)	(378)	–	<b>(555)</b>	(526)
Total net assets	<u>62,058</u>	<u>1,372,150</u>	<u>10,981</u>	<b><u>1,445,189</u></b>	<u>1,380,711</u>

## 18. Cash flow information

### (i) Reconciliation of net income to net cash inflow from operating activities

	2016 £000	2015 (restated) £000
Net income for the reporting period	<b>46,479</b>	105,942
Adjustments for:		
Depreciation charges	<b>19,012</b>	18,602
(Gains)/losses on investments	<b>391</b>	(869)
Dividends and interest	<b>(386)</b>	(354)
Loss on the disposal of fixed assets	<b>2,273</b>	–
Donations of works of art	<b>(4,867)</b>	(74,147)
(Increase)/decrease in stocks	<b>121</b>	(50)
(Increase)/decrease in debtors	<b>(1,423)</b>	10,652
(Decrease)/increase in creditors	<b>4,062</b>	(3,124)
<b>Net cash inflow from operating activities</b>	<b><u>65,662</u></b>	<u>56,652</u>

### (ii) Analysis of cash and cash equivalents

	2016 £000	2015 £000
Cash in hand	<b>1,877</b>	2,860
Notice deposits (less than three months)	<b>16,173</b>	20,963
<b>Total cash and cash equivalents</b>	<b><u>18,050</u></b>	<u>23,823</u>

**(iii) Material non-cash transactions**

	<b>2016</b>	2015
	<b>£000</b>	£000
Donations of works of art	<b>4,867</b>	74,147

**19. Capital commitments**

Financial commitments were as follows:

	<b>2016</b>	2015
	<b>£000</b>	£000
Capital expenditure contracted for, but not provided in the accounts	<b>10,196</b>	21,072
Acquisition of works of art contracted for, but not provided in the accounts	<b>3,498</b>	5,512

	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2015	<b>21,072</b>	<b>5,512</b>
Less paid for during the year	<b>(18,386)</b>	<b>(4,907)</b>
Additional commitments	<b>7,510</b>	<b>2,893</b>
Closing commitments at 31 March 2016	<b>10,196</b>	<b>3,498</b>

Capital commitments for assets in the course of construction relate to capital expenditure for the building projects at Tate Modern and Tate St Ives that are contracted for, but not provided for in the accounts. Payments against these commitments, funded via donations and grants pledged to the projects, are made on a monthly basis and will continue to reduce in line with the respective construction programmes to completion in 2016 for Tate Modern and 2017 for Tate St Ives.

Commitments to acquire works of art are made throughout the year with the timing of payments dependent upon bringing the work into Tate's premises and satisfactory completion of condition checks. Payments for works are normally expected to take place within the following year and will be funded via donations already pledged to the acquisitions as well as further fundraising during the coming months.

**20. Tate Modern finance leasing structure**

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

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

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:

	<b>2016</b>	2015
	<b>£000</b>	£000
In one year or less	<b>10</b>	10
Between two and five years	<b>40</b>	40
Over five years	<b>815</b>	825
Less: Finance charges allocated to future periods	<b>(477)</b>	(485)
	<b>388</b>	390

The Finance lease has been discounted using a rate of 2.2% over the life of the lease. At the end of 2015-16 there were 86 years remaining on the lease.

## 21. 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 to enable the Tate Modern Project.

The grant is conditional on Tate meeting set criteria by certain dates. The key criterion is that the work must be completed by 31 December 2016. The Tate Modern Project opened in June 2016. For more information, please see the future development section on page 21.

### 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.

## 22. Related party transactions

Tate is an NDPB whose parent department is the DCMS. The DCMS is regarded as a related party. During the year, Tate had a number of transactions in the normal course of business and at full arm's length with the DCMS.

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

As well as being Trustees of Tate, Hannah Rothschild and Lisa Milroy are also Trustees of the National Gallery; Monisha Shah was a Trustee of the National Gallery until 31 July 2015.

The Lord Browne of Madingley is executive chairman of L1 Energy (UK), for whom Tate hosted events in 2015-16 generating £19,000.

Tom Bloxham is a trustee of the Bloxham Charitable Trust. Tate received £10,000 of donations from the Trust in 2015-16.

Maja Hoffmann is a member of LUMA Foundation. Tate received £50,000 of donations from the Foundation during 2015-16.

Elisabeth Murdoch is a director, member and shareholder of Freelands Foundation, from whom Tate received donations of £150,000 in 2015-16.

Franck Petitgas is married to Catherine Petitgas. Tate received £82,000 of donations from Catherine Petitgas during 2015-16.

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

Gareth Thomas donated £1,000 to Tate during 2015-16.

Mark Osterfield is a trustee of John Wells Borlase Smart Trust, to whom Tate paid £7,000 in room hire fees during 2015-16.

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

The Lord Browne of Madingley is a Trustee of Tate Foundation; Franck Petitgas is a Trustee and Chairman of Tate Foundation; Elisabeth Murdoch and Gareth Thomas are directors of Tate Enterprises Limited; Monisha Shah was a director of Tate Enterprises Limited until 19 June 2015.

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



During the year Tate Members made donations to Tate of £8,657,396 (£7,152,658 in 2014-15) and reimbursed Tate for staff costs and finance and ticketing charges totalling £1,467,996 (£1,276,658 in 2014-15). At the year end, debtors included £507,000 (£676,000 in 2014-15) and creditors included £nil (£10,000 in 2014-15) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £52,275,143 (£38,886,652 in 2014-15) and reimbursed Tate for staff costs totalling £379,523 (£376,710 in 2014-15) and support costs totalling £85,670 (£82,081 in 2014-15). At the year end, debtors included £2,852,000 (£510,000 in 2014-15) and creditors included £495,000 (£2,000 in 2014-15) in respect of Tate Foundation.

During the year the American Fund and Americas Foundation made donations to Tate of £2,115,034 (£667,243 in 2014-15). At the year end, creditors included £292,000 (£598,000 in 2014-15) in respect of the American Fund.

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

### **23. Financial instruments**

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

#### **Credit risk**

Tate is exposed to a credit risk of £5,032,000 representing trade debtors (£3,321,000 in 2014-15), 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 £286,000 (£197,000 in 2014-15).

Cash is held by Tate's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 13.

#### **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 20). As a result, Tate is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

#### **Market risk**

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 20. Interest and investment income represents 0.2% of the total incoming resources for Tate (0.2% in 2014-15). Tate is therefore not exposed to significant interest or investment risk.

#### **Foreign currency risk**

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

### **24. Post balance sheet events**

Following an initial consultation period with Tate Members, 92% of 6,436 voting members agreed at an Extraordinary General Meeting held on 26 February 2016 to a proposal to merge the Tate Members with Tate. The assets and liabilities of Tate Members were transferred to Tate on 1 April 2016 for £nil consideration with £60,000 remaining within Tate Members to cover any closure costs incurred.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The annual report and accounts were approved by the Accounting Officer and Trustees on 6 July 2016 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

ISBN 978-1-4741-3379-1



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