

# National Maritime Museum Annual Report and Accounts 2011-2012



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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT  
AND  
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

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## **i MUSEUM BACKGROUND**

The National Maritime Museum at Greenwich is the largest maritime museum in the world and the institution founded by statute in 1934 includes the Queen's House and the Royal Observatory, Greenwich. The Museum is open 362 days a year and in 2011–12 it welcomed over 1.8 million visits from Britain and around the world.

The Museum receives funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport, with additional income derived from trading activity, donations and sponsorship. Entry to the national maritime collection is free, although charges are made for special exhibitions, the Peter Harrison Planetarium, the Greenwich Meridian Line and the Time Galleries.

The National Maritime Museum is an exempt charity and an Executive Non-Departmental Public Body. In 2011–12, it had an annual income of some £32 million and a staff of 439 full time equivalents, under the Board of Trustees, the Director, and an Executive. They uphold diversity and equal opportunities for all.

### **History and Collection**

The National Maritime Museum was opened to the public by King George VI on 27 April 1937. Previously (1807–1933) its main buildings at Greenwich, including the Queen's House, accommodated the Royal Hospital School. The Royal Observatory, Greenwich, was added to the Museum estate and curatorial remit in 1953.

The Museum is unique in the architectural significance and setting of its buildings. The 17th-century Queen's House, designed by Inigo Jones and probably the most important early classical building in England, is the keystone of the historic 'park and place' landscape of Maritime Greenwich, so-designated as a UNESCO World Heritage Site (WHS) in 1997. Flamsteed House (1675–76), the original part of the Royal Observatory, was designed by Sir Christopher Wren and was the first purpose-built scientific research facility in Britain.

The Museum has a number of storage outstations in south-east London close to its main site. It owns the freehold of two of these, one being the architecturally interesting Brass Foundry at Woolwich Arsenal attributed to Sir John Vanbrugh.

All the Museum buildings have been subsequently upgraded at various times. Modern redevelopment of the main galleries centres on what is now the Neptune Court. One of the first museum capital projects funded by the Heritage Lottery Fund, this was completed in 1999 and reopened by Her Majesty The Queen. The Queen's House was refurbished in 2001 to display changing aspects of the Museum's large and significant art collection: the House was re-opened in this role by His Royal Highness The Prince of Wales. The major *Time and Space* capital project was opened by Her Majesty The Queen in May 2007.

In July 2011 the Sammy Ofer Wing was opened by the Patron of the Museum, His Royal Highness The Duke of Edinburgh. This major architectural addition in many ways completes work on the Museum campus. It provides a new Museum main entrance from the Royal Park, state-of-the-art facilities for our pre-eminent research archive and a custom-built special exhibitions gallery.

In June 2011 Her Majesty The Queen formally approved Royal Museums Greenwich (RMG) as the new overall title for the Museum, Queen's House and Royal Observatory.

In April 2012 Her Majesty The Queen reopened the fully conserved *Cutty Sark* to the public. The National Maritime Museum has taken on responsibility for the operational management of the ship, under an agreement with the owner of the ship - the Cutty Sark Trust.

The Museum has the most important holdings in the world on the history of Britain at sea, comprising more than two million items, including maritime art (both British and 17th-century Dutch); cartography; manuscripts including official public records; ship models and plans; scientific and navigational instruments; and instruments for time-keeping and astronomy (based at the Observatory). Its British portraits collection is exceeded in size only by that of the National Portrait Gallery and its holdings relating to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and abroad. Through its displays, exhibitions and outreach programmes the Museum also explores our current relationship with the sea, and its future as an environmental force and resource.

By virtue of its pairing with the Royal Observatory, the Museum enjoys a unique conjunction of subjects (History, Science, Arts), enabling it to trace the movement and accomplishments of people and the origins and consequences of empire.

The outcome of the Museum's work is to achieve, for all its public at home and overseas, a greater understanding of British economic, cultural, social, scientific, political and maritime history, and its consequences in the world today.

## ii MISSION, AIMS AND VALUES

The Museum's **Mission** is to:

**illustrate for everyone the importance of the sea, ships, time and the stars, and their relationship to people**

and to achieve the goal that Royal Museums Greenwich be recognized as a place and organization of excellence – '**the best in class**'.

The Museum's **Primary Aims** and **Values** are

1. **To stimulate curiosity in all our users – the trigger for discovery and learning**  
*- and be **Intriguing**.*
2. **To provide stakeholders and users with a sense of ownership – 'Our Museum'**  
*- and be **Conversational**.*
3. **To ensure inspired development and stewardship of our collection and buildings**  
*- and be **Positive**.*
4. **To build an organization that responds to the challenges ahead and makes the most of its opportunities**  
*- and be **Flexible**.*

## 1. CHAIRMAN'S FOREWORD

This year has been a momentous and exceptional year for Greenwich and the Museum. It was crowned by the visit of Her Majesty The Queen, accompanied by our Patron, His Royal Highness The Duke of Edinburgh, on 25 April 2012. On 27 April 1937, attending her first public event, the then Princess Elizabeth accompanied her father King George VI to the opening of the National Maritime Museum, six days after her eleventh birthday. Seventy-five years on, almost to the day, Her Majesty did us the honour of marking our anniversary by opening *Royal River: Power, Pageantry and the Thames*.

This acclaimed and original exhibition was created to mark the Queen's Diamond Jubilee. Guest-curated by Dr David Starkey, *Royal River* presents the historic Thames in all its glory, from British Royal and City events to London's famous watermen, and the river's transformation after the notorious 'Great Stink'. We are most grateful to Barclays for their sponsorship. The exhibition itself is also the first major use of the Museum's new special exhibitions gallery, a key element of the new facilities that we owe to the generosity of the late Sammy Ofer. *Royal River* is the first in a series of major exhibitions we are creating for the years ahead. Their aim will be to develop a larger and more diverse audience for our subjects – the sea, time, the stars – and to inspire people's exploration and understanding of the relevance of these themes in Britain's national story.

Earlier in the year we were delighted to announce that Her Majesty had formally approved Royal Museums Greenwich as the new collective name for the Museum, Queen's House, Royal Observatory and now *Cutty Sark*. Though the governing institution remains the National Maritime Museum, this new group title is to help our visitors better understand the royal and historical connections between our sites, their significance within historic Greenwich, and the extraordinary stories we have to tell here.

Of these stories, one of the most fascinating is of course that of the *Cutty Sark*. Also reopened by The Queen on 25 April, this great ship holds a unique place in the heart of local people, and others in Britain and the world. It is splendid that her masts now rise on the London skyline once again. Members of the public, again from all round the world, generously contributed to the renewed preservation of this much-loved national treasure, and many major institutions, government bodies and foundations, most notably the Heritage Lottery Fund, have played an even more critical role in funding this imaginative, extended and challenging project. I am delighted to report that the ship is now under the operational management of Royal Museums Greenwich (though it remains in the ownership of the independent Cutty Sark Trust) and that the *Cutty Sark* has become an exciting part of our combined and integrated offer to the visitor.

The Royal Museums, of course, lie at the heart of the Maritime Greenwich World Heritage Site and within the wider borough of Greenwich – for which it has also been an exceptional year. Greenwich itself became a Royal Borough by Letters Patent in February 2012 and this was in great part the consequence of the Museum's exposition of the area's rich and close links to the Crown for over 500 years. There is enormous scope to develop the Royal Borough's significant national cultural, educational and heritage potential and the Royal Museums will be playing a central and pivotal role in helping to develop these and improve the presentation of Greenwich to the public. It also gives me great pleasure to report that the Museum received the Freedom of the Royal Borough on 12 March 2012. This is awarded to people and organizations who have rendered eminent services to the Borough and we are honoured to be counted among them.

However, the Museum is an organization that is always moving forward and there remains much to do in the immediate prospect. We must capitalize on our new brand – Royal Museums Greenwich – and on the many attractions that make Maritime Greenwich such an exciting and interesting place to visit: indeed Frommer's Guides, the well-known



international tourism guide-book publisher, has declared Greenwich to be one of its ten best tourism destinations for 2012.

2011–12 has seen Greenwich becoming a Royal Borough, our becoming Royal Museums Greenwich, our Diamond Jubilee exhibition, and the reopening of the *Cutty Sark*. Further huge exposure to the world at large is also coming thanks to the Borough being a host venue to the Olympics. This – above all through worldwide media exposure - is obviously going to have dramatic effect in future years, when Greenwich will increasingly become one of the most important places to visit in this country, or indeed in Europe. We must all make the most of the opportunity, while also ensuring that the ‘outstanding universal values’ which in 1997 earned our World Heritage Site status continue to lead our future development.

This has been an extraordinary period. The Trustees and I wish to thank all those involved – staff, volunteers, sponsors (and especially the Peter Harrison Foundation for its continued support of the Planetarium) and stakeholders – in making this such an important and memorable year in the Museum’s history.

Lord Sterling, Chairman of the Board of Trustees

25 June 2012

## **2. DIRECTOR'S STATEMENT**

Total visitation to Royal Museums Greenwich for the year 2011–12 was 1.872 million, the fourth-highest annual total in our history. The National Maritime Museum galleries received 949,000 visits, their highest-ever annual total. Undoubtedly the Sammy Ofer Wing (opened by our Patron, HRH The Duke of Edinburgh, on 12 July 2011) played a huge role in achieving this result. Media and visitor reaction to the new wing has been universally enthusiastic. Local Greenwich residents seem particularly pleased with the way it links to Greenwich Park. Since its opening, attendances at the Museum proper are now running at nearly double the numbers for the previous year: the performance of both of our new catering outlets and new shop has also been very pleasing.

Since the re-introduction of partial charging in March 2011, the Royal Observatory has welcomed some 770,000 visitors. As expected, the overbearingly large numbers making just a brief, casual visit to the Meridian Line have declined. This has made the experience for those visiting the scientific heritage site as a whole significantly better and dwell-times have increased accordingly. Moreover, the Peter Harrison Planetarium (now the only one in London), which has recently had a new projector installed and its interior upgraded, is proving very popular with both schools and general visitors: attendance there is some 25% above last year’s.

As the Chairman describes above, April 2012 was the 75th anniversary of the opening of the National Maritime Museum (including the Queen’s House, but not the Observatory until 1953) and I would like here to highlight two successes which I think exemplify an interesting shift in the scope of our ‘maritime’ story from those of the Museum as opened in 1937.

‘Traders: the East India Company and Asia’ is a new permanent gallery focusing on precisely what the title says. For over 250 years, the ‘Honourable East India Company of London’ shaped both trade and other relations between Britain, the Indian Ocean world and the Far East. Our new gallery explores the influence of Company trade and power, tracing the changing relationships between Britain and Asia that this brought about through significant objects from our collections that have either not previously been displayed, or not for many years. Its development was greatly aided by preliminary work with members of the local community with Asian roots and, when opened on 27 September 2011, it was accompanied by

a fine and well received book, *Monsoon Traders*. The launch was also supported by an extensive public programme, 'Traders Unpacked', which ran through to February 2012.

The other important addition to the Museum is the artwork 'Nelson's Ship in a Bottle' by Yinka Shonibare MBE, which originally stood on the fourth plinth in Trafalgar Square. Thanks to the Art Fund, AG Leventis and the generosity of many individuals and organizations, since 20 April 2011, it now has a permanent new home outside the Sammy Ofer Wing, flanking our new main entrance. Over the past ten years, Shonibare has become well known for his exploration of colonialism and post-colonialism within the context of contemporary globalization, and the Museum is delighted to bring this artwork which explores this complex story to Greenwich.

I believe these two additions reveal a stimulating track to the broadening and deepening of thought about what 'maritime' means, as Britain's final years of seaborne empire slip increasingly rapidly from oldest living memory. Their legacy of course remains in the very diverse societies left in their wake – both here and elsewhere – and such maritime explorations, in galleries or artworks, are just what we need to stimulate people's curiosity about the course of Britain's history and our interaction with the wider world.

As detailed in Section 3 below, the Museum has won numerous awards this year but the one I would like to mention here is actually a 'near award'. At the London Volunteers in Museums Awards 2012, Steve Wright, a volunteer with both the Visitor Experience department and the Museum's Secretariat, was runner-up in the 'Going the Extra Mile' category. Steve exemplifies the qualities of everyone here at the Museum. Managers, staff and volunteers across Royal Museums Greenwich deserve the highest praise for the huge amounts of work they have done over the past year to accomplish the essential operational planning required to open the *Cutty Sark*, at the same time as mounting our first large-scale exhibition for seven years, *Royal River*. That both these challenging targets were achieved and opened to the public on the same day, while continuing to maintain all the other activities that make up our exemplary offer to the public, is a testament to the professionalism and commitment of everyone here. The Executive and I are very grateful indeed.

Kevin Fewster, AM, Director

25 June 2012

### **3. REVIEW OF ACTIVITIES, ACHIEVEMENTS & PERFORMANCE, 2011–12**

The following section is a brief review of the activities and achievements of 2011–12 (so necessarily contains only a selection of the Museum's work over the year), all of which contribute to fulfilling the Museum's Responsibilities and achieving its Objectives. The section is structured in accordance with the Museum's Primary Aims.

#### **3.1 To stimulate curiosity in all our users – the trigger for discovery and learning**

##### **Temporary Exhibitions:**

##### ***Royal River: Power, Pageantry & the Thames* (27 Apr – 9 Sept 2012)**

Created to mark Her Majesty The Queen's Diamond Jubilee, and guest-curated by historian David Starkey, *Royal River* presents the historic Thames in all its glory, from British Royal and City events to London's famous watermen, and the river's transformation after the notorious 'Great Stink' of 1858.

The exhibition was officially opened by Her Majesty The Queen on 25 April 2012 and has attracted very favourable press attention and reviews. The Museum is grateful to Barclays for its generous support of, and enthusiastic commitment to, the exhibition.

##### ***Titanic Remembered* (8 Mar – 30 Sept 2012)**

This special display marks the centenary of the sinking of the passenger liner *Titanic* in 1912. The display focuses on some of the stories told to Walter Lord for his book, *A Night to Remember*, which was later made into a film by producer William MacQuitty. The display also shows for the first time a selection of items from the Lord-MacQuitty *Titanic* collection. It also links survivors' accounts to extracts from the film *A Night to Remember*.

##### ***Arctic Convoys* (19 Oct 2011 - Mar 2013)**

This display examines the Arctic Convoys of World War II - what they were, why they went, what the voyages were like, how the convoys were protected and the Russian reception of Allied convoys at Archangel and Murmansk.

The gallery uses clothing designed to wear on the Arctic convoys, ship models and ships' badges alongside oil paintings and reproductions of photographs from the NMM's collections. Archive film footage taken by Captain John Lichfield, OBE, RN from the Imperial War Museum has been edited and is projected on screen, giving visitors a sense of being on an Arctic convoy.

##### ***Measuring the Universe* (1 Mar – 2 Sept 2012)**

In June 2012, stargazers will flock to prime locations around the world to see the Transit of Venus, the last Transit for 105 years. From Edmund Halley and Captain Cook, to Edwin Hubble and the Cosmic Microwave Background, this small display tells the stories of the people who have measured the cosmos.

##### ***Astronomy Photographer of the Year 2011* (9 Sept 2011 - 12 Feb 2012)**

This annual competition is arranged in collaboration with media partners the BBC magazine *Sky at Night* and is the culmination of an astrophotography competition run by the Museum throughout the year. In its third year, the exhibition attracted a wide range of media attention and received just over 800 entrants, double that of the previous year. The competition is becoming a global fixture on all stargazers' agendas.

Clips from our Astronomy Photographer of the Year 2011 films were used in 'The Hub', a live culture show that was broadcast to some 200,000 students' rooms across the UK.

The Astronomy Photographer of the Year 2012 competition was launched by the Museum on 19 January 2012.

***High Arctic*** (14 Jul 2011 - 8 Jan 2012)

*High Arctic* was a ground-breaking interactive installation that engaged with the environmental, social, political and personal effects of climate change. Commissioned by NMM in collaboration with award-winning art collective United Visual Artists and artist-led charitable organisation Cape Farewell, *High Arctic* represented a dynamic exchange between artists, scientists, writers and explorers.

The Museum ran a national schools competition alongside the exhibition. Students were encouraged to think about environmental issues that are important to them and to produce a work of art – be it a painting, poem, sculpture or short film - that expressed their thoughts and to inspire others to think differently. Prizes were awarded to winning groups from Newcastle, Hull, Gloucestershire and Greenwich, with the winners attending a special prize day at the Museum in January 2012.

***Waterline: Cruising photography 1925–1970*** (27 Nov 2010 – 2 Oct 2011)

This exhibition showcased over 25 images from our 'Waterline' collection of historic cruise ship photographs. They provided a glimpse of life on board for the passengers and crews travelling to far-flung destinations, between 1925 and 1970.

***Impact: collisions and catastrophes*** (12 Mar - 29 Aug 2011)

This microgallery focused on meteors and asteroids, and their potential impact on life on Earth. The exhibition looked at their impact on our planet, which can cause death and destruction; laying waste to vast areas and even triggering mass extinctions of plants and animals. It also explored the vital clues that asteroids and meteorites provide about the violent formation of the Solar System. The exhibition used spectacular images, film and interactive exhibits to explore how asteroids and comets have shaped our solar system, and what we can learn from them. Running alongside the exhibition was a programme of talks, planetarium shows and family activities.

**Permanent Galleries:**

***Traders: the East India Company and Asia*** (opened September 2011)

This new permanent gallery explores Britain's maritime trade with Asia, focusing on the role played by the East India Company. For over 250 years, the East India Company uniquely shaped trade between Britain and Asia. The gallery explores the influence of Company trade and power, tracing the changing relationships between Britain and Asia that this brought about.

**All Hands children's gallery** (Re-opened 2 April 2012)

The *All Hands* gallery was completed in time for the 2012 Easter holidays following a substantial rebuild and reinterpretation. *All Hands* is a destination gallery for 7-11 year olds, where children are invited to climb on board a ship and learn about life at sea through a blend of objects and hands-on interactives. Children can stand side-by-side with one of the lost cannons from Captain Cook's *Endeavour*, see a piece of the mast from HMS *Victory*, study the detail of the model *Cornwallis* or fire a cannon at a pirate ship in a new interactive game.

### **New acquisitions showcase**

As part of the Museum's Sammy Ofer Wing development, a new acquisitions showcase was installed in the Museum shop. The showcase highlights the Museum's latest acquisitions with a new display every three months. In 2011–12 a wide range of acquisitions were displayed: from an 18<sup>th</sup> century Barbary pirate terracotta bust to a celebration of the Museum's 75<sup>th</sup> anniversary through various items relating to the opening of the Museum on 27 April 1937.

### **Royal Observatory, Greenwich:**

#### **Peter Harrison Planetarium refurbishment**

The Peter Harrison Planetarium closed for a major upgrade in early March 2012, re-opening to the public on 6 April 2012. The refurbishment included replacement of the laser projector with high definition video projectors which will improve the performance, maintenance and programming capabilities of the Planetarium, as well as new, lower profile seating and an increase in seating capacity of 14%. This major project cost nearly £1m and has been made possible thanks to the support of the Peter Harrison Foundation.

#### **'Science Fiction?' at Greenwich Picturehouse**

A second season of this monthly collaboration between the ROG and Greenwich Picturehouse took place between November 2011 and April 2012. The films shown in this second season were *The Fly*, *The Dish*, *Sunshine*, *The Day the Earth Caught Fire*, *Time Bandits* and *Outland*. Members of the ROG science learning team spoke about the science behind the films after each screening. A third season of films will begin in July 2012.

#### **2011 London Science Festival**

The ROG was approached by the organisers of the 2011 London Science Festival to host one of the Festival's keynote events on 22 October 2011. The ROG team used this opportunity to run an event for non-traditional audiences, to work with partner organisations to provide sponsorship and an innovative programme of science, music and comedy. The result was 'The Astronomers' Ball', run with music festival organisers The Secret Garden Party, science presenters Guerrilla Science, and the Polish Cultural Institute who provided £13k of sponsorship. The event gained extensive pre-publicity, including a recommendation in the "going out" section of The Times.

#### **'Train like an Astronaut' event**

On 27 April 2012 the Royal Observatory hosted an international party of 100 school children taking part in the NASA/ESA 'Train like an Astronaut' programme. They were accompanied by representatives from the UK Space Agency, the European Space Agency and Italian astronaut Paolo Nespoli.

### **Digital Media:**

#### **www.rmg.co.uk – the new website for Royal Museums Greenwich**

In 2011 the Museum launched a new website, including a stripped-down homepage that provides an overview of the Royal Museums Greenwich venues, with one key promotion for each venue. The website's page width was increased from 800 to 1200 to accommodate larger images and media. Crucially, the re-design also featured a visit planner, 'share this' social media boxes, a new newsletter template and simple booking overlay to further improve the visitor experience.

In July 2011 the Museum released the new collections website to the public, with over 250,000 records. There is also an Applications Programming Interface (API) which will mean greater open access to external developers.

### **Mobile interpretation for schools**

The Museum's new mobile interpretation system is now available to school groups in the *Traders* and *Atlantic* galleries. The tablets will support students to research and collect material in the galleries to investigate both in the Museum and back at school. The technology will also enable pupils to access wider material from the collection not currently on display.

### **Learning and public programmes:**

#### **Traders Unpacked Festival**

To mark the opening of the new 'Traders' gallery a season of programming ran from October 2011 until February 2012. The season combined a range of programming approaches to draw in new audiences and build excitement and interest around the new gallery content. Highlights included:

- *Diwali*: celebrations took place on 12 November and included a lantern-lit parade through the park to the Observatory and back, a new music commission to accompany archive film footage of Bengali riverboats, the John Morgan actor performance and an exclusive tasting of new products for the café designed by Traders gallery sponsors Sharwoods.
- *Anna Chen Presents Traders*: 140 people came to this flamboyant late opening on the theme of Chinese history and the Opium Wars featuring musical performances, poetry workshops and drama tours.
- *Curry and a Pint*: this food and archive learning event was a popular format, selling out on every date. Participants learned about the history of curry in Britain, its connection with the East India Company and the evolution of Indian Pale Ale - followed by a good curry in a local Indian Restaurant.
- *East India Company and Me*: this day on the theme of tracing South Asian family histories attracted 485 adults. There were workshops from family historians, one-to-one genealogy consultations, stalls from London's archives and author talks including Booker prize winning author Amitav Ghosh.
- *Chinese New Year*: celebrations this year attracted over 2,000 people. This event has taken place at the Museum for the past 12 years, and explores the legacy of cultural exchange and migration from British maritime trade with China. The programme included a gallery tour, object handling sessions, art workshops, music and dance performances, a food tasting and hands-on archive sessions.

#### **23 August International Slavery Remembrance Day**

This day has been marked at the Museum for 10 years. 2011 saw record numbers of participants coming specifically to participate in the programme, which ranged from archive sessions, poetry workshops, lectures, object handling sessions and music workshops. The archive sessions were hugely popular with participants and who were keen to have further access to the library and archive at the Museum.

#### **'Greenwich Then and Now' – Inspire mark**

In 2011 the Museum was awarded the 'Inspire' mark for the Olympics programme, in partnership with WHS learning providers. A new schools session for 7-11 year olds called 'Greenwich Then and Now' uses the Olympics and Paralympics Games in Greenwich as a starting point for exploring the history of the site, and highlights the values of the Games while exploring the reasons why the Olympics are being held in Greenwich, with the unique cultural heritage of the Greenwich World Heritage Site.

### **3.2 To provide stakeholders and users with a sense of ownership – ‘Our Museum’**

Partnerships with our stakeholders are a critical part of ensuring the relevance and reach of the Museum. Specific areas include academic reputation; maritime heritage; local and World Heritage Site (WHS) matters and tourism.

#### **Stakeholder recognition through awards:**

##### **Sammy Ofer Wing**

The Sammy Ofer Wing was commended as “A very successful project that... enhances a sensitive site and is popular with the local community” by the judges of the 2012 Civic Trust Awards, hosted on 2 March 2012. The award aims to recognise ‘the best in built environment’: projects which have made a difference to local people and their communities by providing the design and facilities which have made better places for people.

The Sammy Ofer Wing also received a commendation in the ‘Best Built Project’ category of this year's London Planning Awards, held on 16 January 2012.

##### **Volunteer programme**

At the London Volunteers in Museums Awards 2012 our volunteer Steve Wright, who volunteers with both the Visitor Experience department and the Museum's Secretariat, was runner up in the ‘Going the Extra Mile’ category.

##### ***High Arctic***

The Museum picked up two silver awards at the MUSE awards 2012. *High Arctic* came second in the ‘Interpretive Interactive Installations’ category and the *Horizon* came second in ‘Interactive Kiosks’. The MUSE awards recognize outstanding achievement in museum media. The competition is an activity of the American Association of Museums but receives applications from a wide variety of museums in North America, Europe, Australia and Asia.

Additionally, *High Arctic* was shortlisted for this year's Design Museum Design Awards, an international competition showcasing the most innovative and progressive design across a range of disciplines, including architecture, fashion and transport.

##### ***Astronomy Photographer of the Year***

Films from the *Astronomy Photographer of the Year 2011* competition were nominated for the Laurus Award for Best Project Under £15k in the International Visual Communications Association awards.

##### **Carbon Trust Certification**

The Museum has received recognition from the Carbon Trust for its work reducing its carbon emissions by 3.1% over the period since March 2009. The certificate covers all Museum sites including its outstations. This achievement is particularly commendable given the challenges and limitations presented by the historic nature of the buildings on site and the strict criteria of the Trust.

##### **Grounds maintenance**

The Museum's grounds maintenance contractor, Ground Control Ltd, received a British Association of Landscape Industries award in the ‘Grounds Maintenance Free Public Access Category’ for the main Museum site and the Meridian and Astronomer's gardens at the Royal Observatory. This award was given in recognition of the

contractor, designer and client working in harmony to produce ‘an exceptional award-winning scheme’ in its category for the year 2011.

### **Other activity:**

#### **London 2012**

The Museum continues to liaise closely with the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) to prepare for London 2012 activities. At least fortnightly meetings are held with LOCOG’s overlay and operations teams, and RMG staff members are in attendance at all of the key Greenwich Park related meetings. The London legs of the Olympic Torch Relay will start from the Royal Observatory, Greenwich on 21 July 2012.

#### ***Cutty Sark***

The Museum is delighted to confirm that it has taken on responsibility for the operational management of the recently re-opened *Cutty Sark* under the direction and instruction of the independent Cutty Sark Trust which remains the owner of the ship. All staff working on the running of the ship, whether full-time or spending part of their time on its operation, are employed by the National Maritime Museum.

#### **National Museums at Chatham – No 1 Smithery**

The creation of new museum facilities, as a result of a partnership between the Chatham Historic Dockyard Trust, National Maritime Museum and Imperial War Museum, within the restored No 1 Smithery building at Chatham has proved a great success. Opened on 24 July 2010 the project has helped increase overall visitor numbers to the Historic Dockyard Chatham by an average of 26% over 2009-'10. The unique combination of collections based displays from the newly created reserve collections facility, temporary exhibition space and innovative programming have helped develop new and larger audiences to this world-class maritime heritage site.

No.1 Smithery featured in a number of awards in its own right and helped the Historic Dockyard secure others including:

- Beautiful South Awards for Excellence - Large Visitor Attraction of the year, Winner
- Visit Britain's Excellence Awards – Best Large Visitor attraction, Highly Commended
- Royal Institute of British Architects – Architecture SE Winner
- Third Sector Awards – Best Charity Partnership, Highly Commended.

#### **National Maritime Museum Cornwall**

The National Maritime Museum Cornwall (NMMC) is an independent, registered charity which the National Maritime Museum does not control. The entities have a range of interactions.

The National Maritime Museum has provided, on loan, the small boat collection exhibits for the NMMC, and many other objects on display in its galleries.

During the year ended 31 March 2012, the Museum made a grant of £200,000 to support the aims of the National Maritime Museum Cornwall.

#### **National Historic Ships UK**

National Historic Ships UK is a government funded organisation which gives independent and objective advice to UK governments and local authorities, funding bodies, and the historic ships sector on all matters relating to historic vessels in the UK.



It is the successor to the advisory committee on National Historic Ships, set up as a non-departmental advisory body in July 2006. That organisation followed on from the National Historic Ships Committee, which emerged from a seminar held in 1991 to discuss the problems facing the preservation of historic ships and vessels in the UK and the evident neglect of this part of our heritage.

National Historic Ships UK is based at the Museum and will make its first annual report to the Museum's Trustee Board in September 2012.

### **Volunteer programme**

In 2012 the Museum was awarded the Greater London Volunteering Charter. The Charter signals to volunteers, colleagues, potential funders and stakeholders that the Museum continues to implement good practice. Involvement in the Charter will provide a lot of ideas and advice about volunteer management.

At the end of March 2012 the Museum was receiving regular contributions from 244 volunteers, in a variety of roles across a variety of departments. The volunteer group contributed over 30,000 hours to the Museum during the year.

### **Visitor Experience**

The Museum is very pleased to report that it has achieved re-accreditation as a Quality Assured Visitor Attraction by VisitEngland.

Following the introduction of charging at the ROG in March 2011 the Museum has continued to monitor and review all aspects of the operation, from entry prices to the overall visitor experience. Over the course of 2011 several trials were undertaken, resulting in the introduction of a day ticket, a ten minute volunteer-led introductory talk and an increase to the existing actor interpreter performances.

### **Membership**

The Museum is very grateful for the support it receives through its Membership programme. Membership numbers continue to increase, with some 550 new Memberships sold in the first month following the addition of free admission to the *Cutty Sark* and Royal River to the benefits package. The *Cutty Sark* Friends scheme is now part of the Royal Museums Greenwich Membership scheme. Royal Museums Greenwich Members enjoy discounts and free-of-charge entry to the ship and other Royal Museums Greenwich events and attractions.

### **Human Resources**

Deaf Awareness Workshops commenced in March 2012 for all staff. Action on Hearing Loss is running the sessions and feedback to date has been excellent.

A complete training plan was developed for the *Cutty Sark* in time for opening. All new front of house staff received training in First Aid, Manual Handling, Fire Warden (fire safety), and Welcome Host Gold and Welcome All.

### **Trade Unions**

The Museum has again been unaffected by industrial action relating to a dispute between the Government and the Public Service unions on pension proposals. Very constructive informal meetings took place between February and May 2012 in advance of the pay remit guidance subsequently issued by Treasury. This year the Museum is not required to submit its remit to Treasury but has to satisfy DCMS on certain conditions. This was done and so a formal offer was made to the Unions on 9 May which was accepted on 21 May.

Discussions have also taken place with the Unions regarding shift patterns and temporary changes in working hours over the Olympic period and all these have arrived at a mutually agreeable conclusion.

### **Security**

The Museum's Emergency Plan ensured an effective response to the challenges presented by the civil disturbances in August 2011, despite rioting not being previously identified as a likely risk to the Museum's operations. In response to the experience around this period, the lines of communication between WHS partners and the Police have been strengthened and clarified.

## **3.3 To ensure inspired development and stewardship of our collection and buildings**

### **Acquisitions**

In November 2011 the Museum's Patron, His Royal Highness The Duke of Edinburgh, kindly donated a paper scroll of a gunnery plan detailing the Battle of Jutland.

In December 2011 the Museum purchased the jacket of Commander Ian Fleming RN – later author of the James Bond novels - worn during the Dieppe raid of August 1942 during World War II.

In 2011–12 some fifty-five ship models were formally transferred from the collection of the National Museum of Science and Industry (NMSI) to the permanent collection of the National Maritime Museum. The models had been on loan to the Museum for over 50 years and have a combined value of £3,822,540.

The painting *Davy Jones' Locker* by artist W. L. Wyllie was purchased by the Museum for £55k, thanks in large part to a contribution of £38k from the Museum's Macpherson Fund (endorsed by the Society for Nautical Research).

The Museum also purchased the archive of Admiral John Markham (1761-1827). This archive includes correspondence from c.1775-1807 as well as other manuscript and printed items between c.1795-1828. Admiral Markham entered the Navy in March 1775 and served during the American Revolutionary War, achieving the rank of first lieutenant in 1780 and post captain in 1783. The papers offer a demonstration of the relationship between politics and the Navy. The Museum already holds the pre-eminent collection of manuscripts relating to the late 18th and early 19th century Royal Navy and it is therefore a mark of the importance of this collection that it makes a significant addition to our holdings.

### **Royal Charles stern carving**

On 15 March 2012 the Museum held an official handover ceremony for the Royal Charles stern carvings, one of the key incoming loans for the *Royal River* exhibition. The event was attended by HRH Prince Michael of Kent, Prince Willem Alexander of the Netherlands, HE the Dutch Ambassador and the First Sea Lord.

### **Conservation**

The Heritage Lottery Fund has awarded the Museum an additional grant of £78k under the Skills for the Future programme, taking the total HLF investment in the Museums project Conservation Skills Initiative to £200k. This funding will enable the Museum to offer a total of ten paid one-year conservation internships by the end of 2015. The programme focuses on textiles, ship model and metal conservation and provides the successful interns with experience of a large conservation department, preparing them for a career in the heritage sector.

The Museum's Senior Curator of Horology, Jonathan Betts, completed the extensive conservation of John Harrison's H3 in June 2011. The conservation project was documented through an online video blog and the project will form part of a catalogue of the Museum's chronometer collection, due to be published in 2014.

The Museum has completed the conservation of Nelson's Trafalgar uniform, which went back on display in June 2011. The silk lining, last treated in 1976, had started to delaminate from the support fabric and despite several attempts to re-adhere it, areas were still lifting from the net which prompted the need for conservation. The conservation work has been captured on video and is available on the Museum's website.

The conservation of the USS *Chesapeake* ensign in early 2012 has enabled the item to be lent to the Canadian War Museum, Ottawa, for their war of 1812 exhibition. The project was funded by the American Fund and took six months to complete.

### **Archive & Library**

The new Caird Library in the Sammy Ofer Wing opened to the public on 14 July 2011, providing access to 6,000 key modern books, reference resources such as Lloyd's Register of Shipping, current journals and electronic resources.

The new Library and Archive service is proving very popular. Nearly 1,300 visitors used the Library in person between February and May 2012, making over 2,100 requests to view material.

### **UKMCS Figureheads Project**

The UKMCS Figureheads Project, led by the NMM, will create an online record of all known figureheads in Britain. All NMM, Tresco and *Cutty Sark* figureheads were recorded during the year, with over 147 images scanned. Figureheads of the National Museum of the Royal Navy have also been recorded and the records sent back for verification. Recording and research into other existing figureheads in private and public collections has so far yielded over 300 figureheads that the Museum hopes to add to the database and website.

### **Digitization programme**

The Public Catalogue Foundation has completed the digitization of our entire oil paintings collection. The works will appear as part of the BBC *Your Paintings* website. The project has resulted in the significant improvement of the oil paintings collection data, including the discovery of identifying inscriptions that led to the re-attribution of artworks.

Digitization of the Museum's masters' certificates by Ancestry.co.uk was completed in March 2012. This entailed making over 400,000 scans from the 170,000 certificates. An additional benefit from the project was the complete flattening, cleaning and rehousing of the collection in paper folds and new boxes – this work is currently ongoing and being carried out by NADFAS volunteers.

### **Research programme**

In 2011 the Museum awarded the Caird Medal to Professor Daniel Baugh in recognition of his distinguished career of scholarship on eighteenth century British naval history. His book, *Naval Administration in the Age of Walpole*, was first published in 1965 and is still the definitive exploration of the subject; his eagerly-awaited history of the Seven Years War – *The Global Seven Years War 1754-1763: Britain and France in a Great Power Contest* was launched at the National Maritime Museum on the occasion of his acceptance of the Caird Medal. Some 80 guests attended the presentation and lecture.

**Research fellowships, 2011–2012 :****Sackler-Caird Research Fellowships**

Dr Jan Rueger, Birkbeck College, University of London (Oct 2009-April 2011)

*Contested Island: a history of the Anglo-German relationship*

Dr Kirsty Reid, University of Bristol (Oct 2009-April 2011)

*Australia bound: convict voyages, 1788–1868*

**Caird Senior Research Fellowship**

Dr Anyaa Anim-Adoo, Royal Holloway, University of London (Oct 2011-Sept 2012)

*The Royal Mail Steam Packet Company: empire, race and gender in the nineteenth-century Atlantic world*

**Caird Short-term Research Fellowships**

Dr Roland Pietsch, Queen Mary University of London (Nov 2011 - January 2012)

*Masculinity and mental health in the Georgian Navy*

Dr Hazel Sheeky, Newcastle University (Oct-Dec 2011)

*Children's literature and the culture of exploration*

Mrs Gwen Yarker, Dorset County Museum (March-May 2012)

*Investigating the Herbert Barnard John Everett Collection at the NMM*

**North American Research Fellowship**

Miss Victoria Jones, University of Birmingham (April-July 2011)

*British Maritime Imagery: the negative and the subversive, 1793-1815*

**The Crown Estate Research Fellowship**

Miss Ruth Helen Thurstan, University of York (May-July 2011)

*The geomorphological history of the coastline, seabed and associated features within the Humber Estuary*

**Visiting Research Fellowship**

Professor Jonathan Lamb, Vanderbilt University (Sept 2011-Sept 2012)

*Scurvy: the disease of discovery*

**AHRC collaborative doctoral studentships in residence**

Harriet McKay, with Kingston University, *Accommodating the passenger: interior design for the Union Castle Line, 1945–77*

Mary Wills, with University of Hull, *Anti-slavery and the Royal Navy in the Atlantic Ocean, 1810–90: race, empire and identity*

Dr Anyaa Anim-Addo, with Royal Holloway, *Steam after slavery: the Royal Mail Steam Packet Company in the post-emancipation Caribbean, c.1834–1870* (doctorate awarded February 2012)

Charlotte Mullins, with University of Sussex, *The world on a plate: the impact of photography on travel imagery and its dissemination in Britain, 1839–88* (submitting Summer 2012)

John Moyle, with University of Leeds, *The telegraphic life: recovering the work of submarine cable technicians, 1850–1914*

Helen Reddick, with University of Newcastle-upon-Tyne, *Popular narratives of exploration in children's literature from the 18th to the 20th century* (resigned from studentship April 2012)

Dr Hazel Sheeky, with University of Newcastle-upon-Tyne, *Popular narratives of exploration in children's literature from the 18th to the 20th century* (doctorate awarded May 2012)

Claire Warrior, with University of Cambridge, *Exploring histories: polar exploration and the construction of history at the NMM*

Geoff Snell, with University of Sussex, *Thames rising: representations of the River Thames in 18th-century culture*

Sophie Carney, with University of Roehampton, *The Queen's House at Greenwich: the material culture of the courts of Anna of Denmark and Henrietta Maria 1603–69* (submitting September 2012)

Sian Williams, with University of Southampton, *Circuits of knowledge: the Royal Navy and the Caribbean, 1756–1815*

Cicely Robinson, with University of York, *The National Gallery of Naval Art at Greenwich*

Steven Gray, ex-Royal Holloway, now University of Warwick, *Imperial coaling: steam-power, the Royal Navy and British imperial coaling stations c. 1870–1914*

Katy Barrett, Eoin Phillips and Sophie Waring with University of Cambridge, *The History of the Board of Longitude*

Jonathan Stafford, with Kingston University, *Serving the Empire: P&O, design, identity and representation, 1837-1969*

Georgina Rannard, with University of Edinburgh, *Empire and useful knowledge: mapping and charting the British Atlantic World, 1660-1720*

### **Conferences, lectures and symposia**

- Naval Dockyards Society AGM and conference, 12 March 2011, 45 delegates
- Antiquarian Horological Society AGM and conference, 14 May 2011, 110 delegates
- Exploring Empire conference: *Sir Joseph Banks, India and the 'Great Pacific Ocean' – Science, Travel, Trade & Culture 1768–1820*, 24-25 June 2011, 85 delegates
- Peopling the Past conference: *Private Lives, Public Histories and the Museum*, 21-22 July 2011, 44 delegates
- British Maritime History Seminars, 4 October – 6 December 2011, 150 delegates
- Paper from the East conference, 7 October 2011, 86 delegates
- Maskelyne Symposium, 15 October 2011, 37 delegates
- Sensitive Objects – a collaborative workshop, 28 November 2011, 20 delegates
- British Maritime History Seminars, 10 January – 20 March 2012, 115 delegates
- Queen's House conference: *Inigo Jones, the Queen's House and the languages of Stuart culture*, 15-16 February 2012, 70 delegates
- Naval Dockyards Society AGM and conference, 17 March 2012, 40 delegates
- Navigation conference: *After Longitude – modern navigation in context*, 22-23 March 2012, 56 delegates
- Scurvy symposium: *The natural history of scurvy*, 26-27 March 2012, 24 delegates

### **Buildings, Estate and IT Infrastructure:**

#### **Queen's House works**

A complete external redecoration and repair took place between September and December 2011. The works included stone cleaning and relaying of the north terrace to improve the existing construction and lighting installation. English Heritage granted Scheduled Monument Consent and approved the paint colours to be used and the level of stone cleaning and repair.

Upon completion of the project the Museum received a very complimentary letter from the Inspector of Ancient Monuments, English Heritage, in which she said "It is such a pleasure to work with an owner who is so positive and enthusiastic about a building and so willing to engage in discussions over the best way to secure the future preservation of the fabric....." and "I believe the result is a spectacular one and congratulations must go to the superbly skilled team you assembled for this project".

This work has ensured that the Queen's House will look at its very best when it forms the backdrop to the 2012 Olympic Equestrian Events, for its use by the Olympic family, and for its own 400<sup>th</sup> anniversary in 2016.

### **South Wing external repair and redecoration**

These works included the external façade from the Sammy Ofer Wing link to the south east corner of the West Central Wing. The works commenced in early February and were completed on time and budget by mid-April.

### **Lecture Theatre**

New seating has been installed in the Museum's Lecture Theatre as well as a chair lift to enable assisted access to the front of the auditorium.

### **Old Caird Library works**

In preparation for future use, the Museum commissioned joinery conservation specialists Tankerdale to carefully dismantle and catalogue all of the book presses and oak panelling from the old Caird Library, which will facilitate future use elsewhere. The door sets and bookcases have been retained at either end of the space, while some of the bookcases and all of the panelling have been used in the refurbishment of the Boardroom, as detailed below.

### **Boardroom refurbishment**

In conjunction with the works to the old Caird Library, the Museum has refurbished its Boardroom over March-May 2012. The most dramatic modification was the installation of the fine oak panelling and two bookcases from the old Caird Library. The Boardroom will now use the original tables and chairs from the 1937 Library and Boardroom to maintain an historical link.

### **Neptune Court**

The Museum completed Phase 1 of the Neptune Court Project in October 2011. This phase covered the Stanhope Entrance and included the re-design of the entrance itself, transforming the old shop into a group welcoming and briefing space and refurbishing the existing toilets and retail stockroom.

Phase 2 of the Neptune Court Project will be complete in June/July 2012. This phase has covered the East, West and South Streets of Neptune Court and has seen several works carried out:

- The re-interpretation of the *Reliant* engine and the Tarbat Ness lighthouse optic
- The re-display/re-interpretation of Prince Frederick's Barge and *Miss Britain III*
- The installation of a selection of ships figureheads and badges
- New rigging and sails on the *49er* dinghy - prior to the Olympic Games.

Phase 3 of the Neptune Court Project will begin in October 2012 and will cover the re-interpretation of the stern and figurehead of *HMS Implacable*, plus the installation of the *Neptune's Globe* experience.

### **IT infrastructure works included:**

- Advising LOCOG and delivery partners on cabling routes and schedules for the Olympic events in Greenwich Park
- The cabling, installation and configuration of 10G capable fibre optic networks for both the Planetarium and the Neptune Court project
- The installation of an Internet resilience line, providing more robust access and giving the Museum the ability to bypass its current provision if there is a fault
- The implementation of new asset management software to manage the IT Department's computer assets
- Infrastructure and online links with *Cutty Sark*.

### **3.4 To build an organization that responds to the challenges ahead and makes the most of its opportunities**

#### **Retail and Commercial Enterprises**

During the course of the year the Museum's wholly owned subsidiary, National Maritime Museum Enterprises Ltd, achieved a turnover of more than £1.67m. The profit generated amounted to £990k (including sponsorship of £600k) which will be donated to the Museum by way of Gift Aid.

As a result of opening the new catering facilities in the Sammy Ofer Wing, catering sales grew by 96.8% from July 2011 to the end of March 2012.

Shop sales grew by 26% after the opening of the Sammy Ofer Wing largely driven by a 24.5% increase in average spend.

Despite a difficult start to the year, due to disruption during the renovations of the Queens House and the Olympic Test Event, the Events team managed to deliver a strong second half of the year to hit the original sales budget. Revenue from filming certainly helped to achieve this with key events such as the filming of scenes for *Sherlock Holmes 2* taking place on site.

During the second half of the year we published a completely new set of three Museum guidebooks to the sites – the first time they have been presented in a unified format and the first comprehensive overhaul for many years. These will enable us to grow a major income stream for the future.

On 8 December 2011 the Museum hosted its first-ever Christmas Market in the Sammy Ofer Wing foyer, Café, Brasserie and Shop. Visitors enjoyed the festive ambience with delicious festive foods, market stalls, Christmas carollers and traditional games.

#### **Development**

##### **Peter Harrison Foundation**

In March 2012 the Museum carried out a refurbishment and upgrade of the Peter Harrison Planetarium, made possible by the significant grant from the Peter Harrison Foundation of 50% of the cost of the works. The Museum is very grateful to the Foundation for its continued support of the Planetarium.

##### **Patrons**

In the summer of 2010 the Museum launched a campaign to recruit new Patrons, focussed on the Museum's 75th anniversary in 2012. To the end of May 2012 the Museum has 49 UK and US Patrons – an increase of 58% over last year – to each of whom the Museum is very grateful for their support.

##### **American Friends of Royal Museums Greenwich**

To reflect the new group name, the Directors of the American Fund of the National Maritime Museum and Royal Observatory unanimously agreed in March 2012 to change the name of the Fund to: American Friends of Royal Museums Greenwich. The year has been a busy one for the Friends, who welcomed two new Directors, Captain Peter Swift and Mr David Wells, to the Board and three new Patrons, bringing the total number of American Friends Patrons to ten. The American Friends Board and Patrons are enthusiastic in their support of the Museum and in 2011–12 generously gave \$15,104 for the restoration of the USS *Chesapeake* naval ensign; \$2,061 for the visit to the Museum by the NASA astronauts; and agreed to support the *Titanic* Remembered exhibition with up to \$15,000.

### **Esmée Fairbairn Foundation**

The Museum received a grant from the Esmée Fairbairn Foundation which has enabled the Museum to appoint a Prints and Drawings Conservator to work for two years on the conservation of its van de Velde drawings.

### **The Royal Museums Greenwich Foundation**

The Royal Museums Greenwich Foundation is a new charity established in March 2012. Its Chairman is Victor Benjamin, and its Trustees are Martin Daunton and current NMM Trustee Eleanor Boddington.

### **Gold Transform Award for new Museum brand**

In 2011–12 the Museum won a Gold Transform award for the strategic rebrand and launch of the National Maritime Museum, the Royal Observatory and the Queen's House as Royal Museums Greenwich.

The Transform Awards are Europe's only dedicated celebration of rebranding, repositioning and brand transformation. The awards recognise best practice in corporate, product, regional and national rebrands, with categories that focus on strategy, execution, content and evaluation.

### **Press and marketing:**

#### ***Royal River: Power, Pageantry & the Thames***

The press campaign for *Royal River* targeted national, London and international broadcast, print, syndicated and online news, consumer, specialist and trade media. The exhibition main release was issued in January 2012 and listings information issued in February 2012. Stories of interest were identified and held for exclusive features and articles from January 2012, to be published and/or broadcast in the run-up to and throughout the exhibition. Key broadcast and print media were contacted and offered interviews with guest curator Dr David Starkey, while broadcast and print media were also contacted regarding the latest exhibition news, features and review opportunities.

In December and early January 2012 the Museum negotiated an exclusive story with The Times, which started the 2012 campaign and coincided with the opening of ticket sales to the sponsors, Barclays. The main press activity focused on the two months prior to the opening of the exhibition and the month following the opening, to capitalize on public interest.

The media coverage has been very positive; the exhibition has appeared in national & international print and broadcast media, and several high-profile critics awarded the exhibition 4 out of 5 stars in their reviews. To the end of May 2012 the Equivalent Advertising Value of the media coverage was more than £2.5m.

The exhibition has been described in the media as: "Richly intrusive, vividly evocative, marvellously quirky and completely delightful", by Rachel Campbell-Johnston in The Times and "Unmissable", by Rachel Cooke in The Observer.

### **BBC *Stargazing Live*, 16-18 January 2012**

The ROG team contributed to two major *Stargazing Live* projects:

- A range of astronomy talks and activities on Tuesday 17 January 2012 at the BBC's official *London Stargazing* event at Charlton House, which was sold out with 650 members of the public attending.
- The BBC Learning Team commissioned the ROG to write guides to astronomy apps for smartphones and free astronomy software for home computers. These were made available for download from the BBC *Stargazing* website.



The ROG was also represented in the broadcast version of the show and the associated media coverage:

- Public Astronomer Marek Kukula appeared on the *Stargazing Live* TV show in a piece about searching for extra-terrestrials, which was broadcast on Wednesday 18 January 2012.
- Marek also presented a 5-minute piece about space junk for the special *Stargazing* edition of the children's TV programme *Blue Peter*, which was broadcast on Wednesday 18 January 2012.

### ***The Weather Programme***

In summer 2011 an episode of BBC One's one hour prime-time programme, *The Weather Programme*, was broadcast live from the ROG.

## Performance against Funding Agreement Performance Indicators

| Funding Agreement Performance Indicators   | 2010–11                              | 2011–12  |
|--|--------------------------------------|--|
| Number of visits to the Museum   | 2,450,155                            | <b>1,872,258</b>   |
| Number of unique website visits (measured using WebTrends software)  | 10,052,347                           | <b>9,082,072</b>   |
| Number of unique website visits (measured using Google Analytics software)   | 3,885,939                            | <b>3,955,127</b>   |
| Visits by children under 16  | 460,806                              | <b>450,899</b>   |
| Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8  | 93,100                               | <b>65,420</b>  |
| Number of visits by UK adult visitors aged 16 and over from an ethnic minority background  | 101,391                              | <b>88,968</b>  |
| Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity | 22,202                               | <b>18,018</b>  |
| Number of overseas visits  | 1,487,640                            | <b>1,052,406</b>   |
| Number of facilitated and self-directed visits by children under 16 in formal education  | 170,333                              | <b>123,385<sup>2</sup></b>   |
| Number of instances of children under 16 participating in on-site organised activities   | 62,284                               | <b>70,806</b>  |
| Number of instances of children under 16 participating in outreach activity  | 40,184                               | <b>15,383</b>  |
| Number of instances of adults aged 16 and over participating in organised activities   | 133,362                              | <b>156,820</b>   |
| Number of instances of adults aged 16 and over participating in outreach activities  | 2,188                                | <b>4,749</b>   |
| % of visitors who would recommend a visit  | 99%                                  | <b>97%</b>   |
| Admissions income (includes Peter Harrison Planetarium)  | £684,000                             | <b>£2,239,000</b>  |
| Net contribution from trading prior to inter-company charges   | £1,397,000                           | <b>£2,225,000</b>  |
| Fundraising income from sponsors, private benefactors and/or charitable trusts used to support Museum activities                             | £15,588,000                          | <b>£4,893,000</b>  |
| Of which:<br>Sammy Ofer Wing fundraising income<br>Other fundraising income  | Of which:<br>£14,600,000<br>£988,000 | <b>Of which:<br/>£3,400,000<br/>£1,493,000</b>                         |
| Number of UK loan venues   | 71                                   | <b>74</b>  |
| Number of objects conserved  | 1,520                                | <b>2,605</b>   |
| No. of peer-reviewed articles and publications   | 19                                   | <b>19</b>  |
| % area of stores and galleries that are sustainably BS5454 compliant   | 60% summer<br>56% winter             | <b>54.3%<sup>3</sup>·<br/>summer<br/>51.5%<sup>3</sup>·<br/>winter</b> |
| Number of research projects undertaken/ongoing   | 16                                   | <b>18</b>  |

<sup>1</sup> The fall in visit numbers is attributable to the loss of casual visits to the Meridian Line subsequent to the reintroduction of charging.

<sup>2</sup> Formal learning capacity was reduced in 2011–12 due to a range of factors, principally: the necessary closure of the All Hands gallery for six months; the necessary closure of the Planetarium for one month; the loss of programmes linked to the displays in Neptune Court due to the refurbishment works; and the restriction of access to archive materials during the installation period.

<sup>3</sup> The new stores at the No.1 Smithery and Sammy Ofer Wing meet the expected standards. However, the temperature and relative humidity levels in the Queen’s House and outstations do not meet the defined standard and have therefore lowered the overall performance.

### Efficiency tables

| Key Data  | 2007-08 | 2008-09             | 2009-10             | 2010-11             | 2011-12                   |
|---|---------|---------------------|---------------------|---------------------|---------------------------|
| Total Grant-in-Aid (GiA)  | £18.2m  | £19.3m <sup>1</sup> | £19.0m <sup>1</sup> | £18.8m <sup>1</sup> | <b>£17.0m<sup>1</sup></b> |
| All other incoming resources  | £7.1m   | £6.3m               | £8.5m               | £23.1m <sup>2</sup> | <b>£15.0m<sup>2</sup></b> |
| FTE employees   | 400     | 412                 | 400                 | 416                 | <b>439</b>                |
| Visits  | 1.782m  | 2.089m              | 2.395m              | 2.450m              | <b>1.872m</b>             |
| Website visits – using WebTrends software <sup>3</sup>                                  | 9.710m  | 9.710m              | 10.367m             | 10.052m             | <b>9.082m</b>             |
| Website visits – using Google Analytics software <sup>3</sup>                           | N/A     | 3.247m              | 3.185m              | 3.885m              | <b>3.955m</b>             |
| <b>Efficiency Ratios – using WebTrends software for measuring website visits</b>        |         |                     |                     |                     |                           |
| Total Users <sup>4</sup>  | 11.503m | 11.814m             | 12.772m             | 12.517m             | <b>10.962m</b>            |
| Total Users per FTE   | 28,757  | 28,675              | 31,930              | 30,088              | <b>24,970</b>             |
| Total GiA £ per User  | 1.58    | 1.63                | 1.49                | 1.50                | <b>1.55</b>               |
| Revenue GiA £ per User  | 1.32    | 1.32                | 1.25                | 1.19                | <b>1.39</b>               |
| <b>Efficiency Ratios – using Google Analytics software for measuring website visits</b> |         |                     |                     |                     |                           |
| Total Users <sup>4</sup>  | N/A     | 5.351m              | 5.590m              | 6.351m              | <b>5.835m</b>             |
| Total Users per FTE   | N/A     | 12,988              | 13,975              | 15,267              | <b>13,292</b>             |
| Total GiA £ per User  | N/A     | 3.61                | 3.40                | 2.95                | <b>2.92</b>               |
| Revenue GiA £ per User  | N/A     | 2.91                | 2.86                | 2.35                | <b>2.62</b>               |
| Total GiA £ per Visit   | 10.19   | 9.24                | 7.92                | 7.65                | <b>9.09</b>               |
| Revenue GiA £ per Visit   | 8.50    | 7.45                | 6.67                | 6.09                | <b>8.15</b>               |

<sup>1</sup> excludes National Historic Ships Unit’s restricted funds (£241k in 2011–12)

<sup>2</sup> includes the donation from the Sammy Ofer Foundation of £14.6m in 2010–11 and £3.4m in 2011–12

<sup>3</sup> in 2011–12 the Museum changed the software that counts its website visits, from WebTrends to Google Analytics. The resulting decrease in visits is a consequence of this change: tag-based methods of reporting, such as Google Analytics, are reputed to be much better at tracking unique visitors than logfile analysis such as WebTrends - but they do result in a considerable reduction in the reported number of visits

<sup>4</sup> includes collections & subject-related enquiries (7,212 enquiries in 2011–12)

## 4. SUSTAINABILITY REPORT

### Commentary on Sustainability Performance

The Museum, its staff, volunteers and visiting public are very much committed to sustainable development and we have been working on a number of initiatives for many years. We will continue striving to maintain this approach and break new ground in the future. The Museum introduced a Sustainability section in its Annual Report in 2007-'08 and has continued and expanded on this since.

From 2011–12 all central Government bodies that fall within the scope of the 'Greening Government Commitments' and which produce Annual Reports and Accounts in accordance with HM Treasury's Government Financial Reporting Manual (FRoM) are required to produce a sustainability report. This is the first report compiled under the new guidance. Further details may be found at [http://www.hm-Treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-Treasury.gov.uk/frem_sustainability.htm)

### Summary of Performance

The Museum has a working group, the Sustainable Development Group, dedicated to researching, promoting and reporting on a wide range of sustainability issues. The greatest contribution the Museum can make towards sustainability within the environment is in energy efficiency and we have been working in this area to improve performance since 1995. We have also raised public awareness via our exhibitions, displays and programmes which have covered environmental matters such as the 'Your Ocean' gallery which specifically covers environmental maritime issues. The Museum has been regarded as a sector leader in its approach to sustainability matters, sending delegates to speak at relevant conferences and responding to requests for advice from sector colleagues.

Sustainability is enshrined within the Museum's Corporate Plan and reported on via an established performance management system. Great strides have been taken over the years in reducing energy, water and finite resource consumption and on the reduction of waste.

The Museum first agreed a sustainable development policy in October 2006. Since that date many sustainable initiatives have come to fruition. An action plan was first set out in 2009-'10 in order to gain agreement to common goals throughout the Museum to help implement future actions efficiently and effectively. The Museum took account of DCMS's action plan for sustainability in the development of its own.

The Museum is an active member of the DCMS sponsored Museums and Galleries Energy Consortium (MAGEC) and the sector's Sustainable Exhibitions Group. The Museum's Display Energy Certificates (DECs) have good ratings for the sector and the Museum achieved Energy Accreditation from the Carbon Trust in 2008 and reaccreditation in 2011.

| Area  |             | 2011-12 Performance                        |          |
|---|-------------|--|----------|
|   |             | Actual                                     | Target   |
| Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel) |             | 3,426 tonnes of CO <sub>2</sub> equivalent | None set |
| Estate Energy   | Consumption | 9.055945 million kWh                       | None set |
|   | Expenditure | £586,678                                   | £425,000 |
| Estate Waste  | Consumption | 237.43 tonnes                              | None set |
|   | Expenditure | £35,750                                    | £30,000  |
| Estate Water  | Consumption | 35,472 m <sup>3</sup>                      | None set |
|   | Expenditure | £34,970                                    | £46,000  |

Note: Scope 3 Business Travel includes domestic flights only. Figures for other forms of travel are unavailable for this year as the data was not collected but will be worked up for future years.

## **Summary of Future Strategy**

The opening of the Ship Model store in Chatham and the Sammy Ofer Wing in Greenwich has greatly increased the Museum's footprint. This does however allow a new benchmark to be established and a revitalised approach to the reduction of waste, use of water and finite resources, and with a continued improvement on energy efficiency. This latter is the key area where positive impact is possible and the budget dedicated to this activity will be maintained. We will ensure also that adequate data is collected to improve upon areas of this report and to enable accurate setting of future targets. The Museum will actively seek to reduce travel costs and continue to promote recycling and composting. Overall the Sustainable Development Group will be refreshed to enable staff to contribute ideas and have a voice in future decisions.

## **Greenhouse Gas (GHG) Emissions**

Between 1999 and 2009 the Museum reduced its carbon footprint from 3842 tonnes CO<sub>2</sub> to 3072 tonnes CO<sub>2</sub>. Since the opening of the new Sammy Ofer Wing our carbon footprint has increased to 3422 Tonnes CO<sub>2</sub>. The SOW development however included much energy efficient technology whilst increasing the useable floor area by some 4700 square metres hence the inevitable increase in the carbon footprint. This does set a new benchmark from which to target and assess our continued efforts to reduce our carbon footprint.

## **Waste**

The Museum's policy as far as possible is to minimise the amount of waste to landfill and to maximise the recycling of waste. In addition we aim to compost as much of our bio-degradable waste as possible. Staff have suggested and therefore greatly co-operated in recycling programmes within offices and catering outlets where bins have been strategically placed. In 2011–12, recycling garden waste resulted in composting 12.75 tonnes over the year, 104 tonnes of waste was recycled and 120.68 tonnes sent to landfill. There is minor construction waste which is regularly skipped for which figures are not available although these will be worked up in the current year with targets set for reduction. On a smaller scale used postage stamps are recycled and donated to the charity Guide Dogs for the Blind.

## **Use of Resources**

The key area where a difference can be made is in energy efficiency where the Museum has accreditation and a target to reduce energy consumption by 5% annually. It is worth noting that the Museum has been working towards greater energy efficiency since 1995 and has reported on progress to the Executive and Trustees since then.

The Museum was a member of the Green500 scheme which is now defunct but the action plan arrived at under that scheme remained for the Sustainable Development Group to set future targets. Lighting is energy efficient and utilises controlled presence detection ensuring they are on only when needed. Lighting is also daylight linked, dimming and brightening naturally. Use of LED lighting has been introduced and more is to follow. Programmes of energy efficiency are in place via the progressive upgrading of lighting systems and replacement of boilers across the Estates, notably at LTE and Kidbrooke Stores.

## **Climate Change Adaption and Mitigation**

The Museum is committed to reducing energy usage, waste and the use of finite resources. The use of public transport is encouraged for both visitors and staff, and cycling and facilities including secure racks, showers, lockers and bike loans are available for staff. Use of the car park is managed and discouraged. The impact of climate change via increased, more sudden and more severe storms is assessed and managed. The threat from flooding via surface water or overflow from the Thames is similarly assessed and managed. Regular emergency planning exercises take place in this regard which cover initial response, salvage and business continuity requirements.

## **Biodiversity and Natural Environment**

The local natural environment is an important factor in estate management decisions. The varied existence of trees, grass, formal planting and natural flora is managed to preserve the natural biodiversity. Recently careful and considered pruning of the trees bordering the car park and this year the northern boundary of the main Museum has been carried out to lengthen their natural lifespan and reduce the potential of storm damage.

A water borehole replaces the previous one capped during the development of the Sammy Ofer Wing and this uses 'grey' water to flush WCs, etc. Large volumes of rainwater are drained from hard surfaces and stored within an underground tank. Rainwater is then pumped to the surrounding landscaping for irrigation. The new landscape itself has been designed to minimise the use of treated water. The majority is covered in drought tolerant grass and turf which will not require irrigation. The planting on the terrace incorporates drought resistant species reminiscent of those in maritime cliff top locations. The Museum as a matter of policy does not irrigate its lawns allowing nature to take its course and save on water consumption.

There is a newt reserve adjacent to one of the Museum's outstations which is rare in that it is home to all three species of indigenous newt. Estates activity is mindful of this habitat when carrying out works nearby. The Museum is committed to maintaining a newt run to this habitat in any future development of the site.

## **Sustainable Procurement including Food**

The Museum aims to procure and manage its current assets in the most efficient way possible. The Museum has introduced network printing for example which reduces the number of printers per member of staff and also reduces paper usage whilst improving information security. The default printing option is double-sided and monochrome again to reduce usage of paper and other resources. All paper used in copying is recycled.

Programmes to improve the procurement of sustainable products in retail and catering operations are well-advanced and enthusiastically embraced by staff. Attention is paid to the use of local contractors and suppliers where possible and where European procurement rules permit in order to promote local industry and reduce transport and travel costs. Sub-contractors are aware of these policies and contribute towards them, in some cases taking a lead. The current term contractors for the Museum's Mechanical & Electrical services were in good part selected on their sustainability credentials which it was deemed would greatly assist the Museum in its energy saving endeavours.

## **Sustainable Construction**

The Sammy Ofer Wing which opened in July 2011 was constructed to BREEAM (BRE Environmental Assessment Method) standards where the rating is 'good'. This development has included a number of sustainable features such as the form of inter-seasonal heating and cooling widely used in Holland and growing in usage in the UK, the Aquifer Thermal Energy Storage (ATES) System. This stores heat removed from the building in summer and uses it to heat it in the winter. Conversely cool from the winter is stored and used for cooling in the summer which makes heating and cooling very energy efficient with an aspiration to be energy neutral over time. This involves two boreholes, each 300mm in diameter and 80 metres deep, one being the hot well, the other the cold well.

The fact that the Special Exhibitions Gallery is underground reduces fluctuations in temperature which is more energy efficient and the archive spaces which are normally energy intensive have very good insulation and humidity is buffered by the use of clay in the walls reducing the amount of plant required. The central boiler plant is more energy efficient than the previous boilers and will heat not just the new wing but the whole main site. The controls are connected to the existing Buildings Energy Management System (BEMS). The aim is to reduce CO<sub>2</sub> by 21% in this development over time.

Where possible materials have been recycled, for example surplus York stone from the courtyard before the old restaurant removed as part of the SOW project was re-used in the landscaping of the Meridian and Astronomer's Gardens at the Royal Observatory, Greenwich and surplus was provided to a neighbouring institution of similar heritage, the Old Royal Naval College. Similarly, joinery of significant heritage value that became redundant as part of the SOW project is being re-used on site in the East Wing Boardroom, or re-used in the Royal Armouries in Leeds and a new museum in Oxford. Any remaining will be recycled via specialist heritage joiners.

### **People**

The existence and activities of the Museum touches the lives of many people worldwide of all backgrounds and ages, through visitors to site who enjoy the displays and varied public programmes to a great number of users interacting with the Museum via publications and the website. A large number of local and national suppliers and contractors depend in whole or in part on the Museum for their living.

See section 6 of the Annual Report for more detail on employment policies.

The Sustainable Development Group consults staff widely on its work and canvasses opinion and ideas. Many of the successful sustainable approaches have been suggested and acted upon by the staff and volunteers themselves.

### **Environmental Management System (EMS)**

The Museum does not have an Environmental policy such as (BS 14001). Although we do have a Sustainability Policy approved by the Executive and Trustees which covers all the main issues and which is reviewed from time to time.

### **Sustainability and Governance**

The Museum's Corporate Plan 2009-'12 includes a primary aim 'to build an organisation to overcome the challenges ahead and to make the most of its opportunities.' A key strategy within this aim is to implement the strategic plan and sub-strategies (eg sustainability). One of the activities listed within this strategy is to take a sector lead in sustainable development, the first milestone being to review the Sustainable Development Policy and set additional targets by the end of 2010 which was achieved and resulted in an action plan being drawn up in 2009-'10. This plan is reviewed by the Sustainable Development Group and reported regularly to the Museum's Executive and ultimately Trustees via the established performance management and reporting system reporting performance against targets monthly, quarterly and annually as well as quarterly via a balanced scorecard. The results of this process are considered in planning future activity to maintain a useful cycle of business improvement. Separate specific reports are made annually on particular issues, for instance the Annual Utilities Report is compiled by the Museum's Estates Department for review by the Executive and if appropriate Trustee Boards.

Data is collected via information held by the Estates and Finance Departments principally be they budgetary or records of usage. All data collected is auditable and available for inspection and it is presented with reference to the guidance outlined within paragraph 1 of this section.

## 5. FUTURE PRIORITIES

"Our first priority is to use the Museum's Collection to **stimulate people's curiosity**. Then by providing a truly excellent product and experience we will inspire people to explore and understand Britain's national story – so well expressed in our relationship with the sea."

The Corporate Plan *Stimulating Curiosity* was developed by the Executive and Senior Management Team and endorsed by Trustees in 2009.

In 2010, the Trustees and Executive agreed that the imminent completion and opening of the Sammy Ofer Wing in conjunction with the Spending Review allocation (with the Secretary of State's priorities of: free access to the national maritime collection, working with regions, and protecting front line delivery - within an overall reduction in central funding) required a re-appraisal of the high level strategies of the Corporate Plan to reflect this new context.

The Executive reviewed the *strategy level* of the Plan and recommended adjustments to better reflect the Museum's:

1. increasing focus on digital futures and social media
2. determination to improve the visitor experience and present the Museum's new public offer focussing on special exhibitions
3. need to communicate our strategic aims clearly to staff and external stakeholders.

Trustees adopted the revised Corporate Plan at the Board meeting of February 2011.

An overview of the revised Corporate Plan at *strategy level* follows below:

### **STIMULATING CURIOSITY - Aims, Outcomes and Strategies**

**Aim 1: Stimulate curiosity in all our users – the trigger for discovery and learning**

**Outcome:** For people to have a greater understanding of Britain's maritime past and its consequences for the world today, and a greater understanding of astronomy.

**Strategies:**

1. Ensure our temporary exhibitions and permanent gallery renewal programmes are high quality, employ appropriate interpretation, and grow audiences worldwide.
2. Strive for excellence in inter-disciplinary research to advance knowledge of our collections and subjects, supporting exhibition and learning programmes on site and online, and working with the media.
3. Engage effectively with new and existing organisations and audiences, through programmes that extend the museum experience beyond our walls.
4. Encourage participation and self-directed learning on and off site through the use of digital technologies and social media.



**Aim 2: Provide stakeholders with a sense of ownership – "Our Museum"**

*Outcome:* Raise the Museum's reputation with its stakeholders and users, developing a confident, well-defined, outward-looking museum with a worldwide reputation for quality, accessibility, originality and relevance.

*Strategies:*

1. Successfully implement the Museum's new brand and cultural change programme.
2. Create innovative environments and experiences that inspire stakeholders and users, drawing them into deeper and more meaningful engagements.
3. Promote the NMM as "your local museum".
4. Build on opportunities offered by the 'New Museum' developments to focus on people's stories and contemporary relevance.

**Aim 3: Ensure inspired stewardship of our collection, our buildings and our expertise**

*Outcome:* People are engaged and have greater respect for, and excitement about, our assets - the collection, the buildings and our expertise.

*Strategies:*

1. Use our expertise to make the full diversity of our collections more visible and accessible while demonstrating leadership in collections stewardship.
2. Develop our collections intellectually to meet current and future display and learning needs.
3. Widen appreciation of our estate's architecture and history, supported by excellent estate management.
4. Develop an integrated suite of digital strategies across the museum in order to improve efficient access to collections and expertise.

**Aim 4: Build an organization that responds to the challenges ahead & makes the most of its opportunities**

*Outcome:* A museum that is financially, structurally and culturally able to realise its potential.

*Strategies:*

1. Ensure financial sustainability and growth by increasing revenue resources.
2. Develop staff expertise throughout the organisation.
3. Manage risk.
4. Maintain a culture high on trust, devolvment, development and communication against a background of effective governance and management.

With the overall objective that Royal Museums Greenwich will be recognised as a place and organization of excellence – "the best in class"

The entire plan is available from [www.rmg.co.uk](http://www.rmg.co.uk) or from the Museum Secretary.

## **6. WORKFORCE AND EMPLOYMENT**

### **Employment policies**

The Museum strives to be a good employer. Attention is paid to holistic reward approaches. It has a strong record on improving the work environment, job satisfaction and development opportunities with generous pension arrangements.

The Museum is also very supportive in times of need, providing generous sick absence benefits, return to work policies and procedures, an income protection scheme, medical retirement assistance, occupational health referrals and H&S assessments. There is a Staff Welfare Officer and trained and supportive management and professional HR back up. In addition schemes to promote health and wellbeing such as yoga, tai chi, life drawing and other social activities exist. Long term no smoking policies are in existence with support to give up the habit available. Sheltered placement, work experience and 250 plus volunteering opportunities are promoted throughout the year. There are excellent consultation and communication arrangements. There are also Benevolent Fund and health society benefits plus the provision of employment and job security to 500 people plus, locally, nationally and from overseas.

The Museum values the diversity of its workforce and upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age. 12.2% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME). The Museum holds the Employment Service's Disability Symbol. In 2011–12, 7.1% of staff employed by the Museum considered themselves to have a disability. The Museum has in place an Equality Plan for both staff and service provision. A number of sheltered placement and other work experience initiatives are under way. The Museum also undertakes secondments and exchanges both internally and externally.

We believe that we are a leader in our human resources approaches, not least in dispensing with any formal retirement age in 2002. Over a third of employees are aged over 50 and 6.9% are aged over 65. At the sector level, the Director of Human Resources co-chairs the National Museum Directors' Conference's (NMDC) HR Forum.

Workforce development is a priority with training and capacity-building a significant part of the reward quadrant [working environment; personal development; job satisfaction; pay and benefits] at the Museum. This was recognised when the Museum achieved the Investor in People standard in November 2001, receiving regular re-accreditation since, the next being due in November 2012.

In 2011–12 the average number of days lost per employee through short term sick absence was 4.07 days whilst the average number of days lost per employee through long term (over 28 days) sick absence was 3.55 days. The average number of days lost per employee through total sickness (long and short term combined) was 7.61 days.

The Central Arbitration Committee declared the trade unions Prospect and PCS recognised for the purposes of collective bargaining in December 2006 following an application by those unions and a subsequent ballot. The Unions and the Museum have reached an agreement for the purposes of collective bargaining in respect of pay, hours and holidays and have a facilities agreement.

All staff are inducted formally and issued with contracts of employment and staff handbooks, which contain information on benefits, health, safety and welfare and are regularly updated.

## **Volunteers**

The Museum has an active volunteer programme and appointed a volunteer manager two years ago. The increase in numbers of volunteers and in volunteer hours has been remarkable and steady since this appointment. Record numbers of volunteers (244, an increase of 80 since 31 March 2011) have given 30,461 hours at a value estimated in the region of more than £300,000.

## **Organisational Communication**

The Museum regards effective communication as essential. The objective is to ensure that all staff and volunteers are kept fully informed on all issues that directly affect them. Although everyone in the Museum has a contribution to make it is the particular role of team leaders and line managers to be the main communicators by creating a continuous flow of information through and across the organisation.

*Director's Cross-Museum Briefing* - the Director and the managers dealing with selected themes speak to the entire staff and volunteers broadly on a monthly basis to provide a brief on specific areas, progress or projects.

*Volunteer Event* – the Museum holds a special event for volunteers annually to which all are invited. The purpose of this is to express the Museum's sincere thanks for all that the volunteers do but also to brief them on current issues and future plans as well as serve as a networking event.

*TMs* (temporary memoranda) - cover a wide range of issues and are signed by members of the Executive Board and Senior Management Team. All TMs are published on the Intranet and in paper form.

*Intranet* - available to all staff it details policies, management meetings and organisational programmes and information of use to staff and volunteers generally.

*Team Briefing* - the principal method used by the Museum to pass on information to all employees is team briefing. The cycle begins in the first week of every month with the briefing document compiled by HR. Each Director is then tasked with briefing their Managers who in turn pass the information on to their teams. By the end of the next week everyone in the Museum should share the same information. The briefing document also appears on the Intranet. Team briefing has been dramatically improved in format and accessibility which has been welcomed by all involved. This initiative arose out of a review of recommendations arising out of a Staff Engagement Survey carried out in 2010. Volunteers have their own specific newsletter in addition.

*Notice Boards* - are strategically placed in sites or functional areas. They may only be used for official or authorised communication purposes.

*Staff Lunches* - are informal meetings for communication in which Directors and senior managers can speak directly with cross-sectional groups of staff over a sandwich lunch. The object of these meetings is to give staff a chance to communicate directly with senior management on a wide range of issues, but on an informal basis.

*Staff Engagement Surveys* – are conducted from time to time to allow confidential feedback to be provided to the Trustees and Executive via a professional third party. These are considered and recommendations are acted on, usually via cross-sectional working groups of staff or sub groups of the Senior Management Team.

*Trade Unions* – Since December 2006 the Trade Unions Prospect and PCS have been recognised for the purposes of collective bargaining on pay, hours and holidays. A Joint

Negotiating Body has been set up for this purpose and meets as and when required with a formal agenda and published minutes of meetings.

### **Health and Safety**

It is Museum policy to assign great importance to the safety of visitors, employees, volunteers, contractors and others, considering this as a management responsibility equal to that of any other management function.

In the design, construction, operation and maintenance of all plant, equipment and facilities, everything that is reasonably practicable is done to prevent personal injuries and ill health to employees, customers, visitors, contractors and members of the public. To this end the Board of Trustees and Executive Board of Directors provide, so far as is reasonably practical, such training and equipment as is necessary to enable employees to work safely.

The importance of employee involvement in health and safety matters and the importance of the positive role played by safety representatives and the Health and Safety Committee is acknowledged.

All employees are required to co-operate fully in implementing this policy to comply in all respects with the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999 and the accompanying arrangements contained within the Museum's Health and Safety Policy. Everyone throughout the organisation is expected to exercise all reasonable care for their own health and safety and that of others who may be affected by their acts or omissions.

The overall responsibility for the health, safety and welfare of the organisation and employees is vested in the Board of Trustees and Executive Board of Directors. The Executive Board receives a monthly report on Health and Safety matters and analysis of incidents which then goes forward to the Trustee Board for quarterly review.

The Health & Safety function is managed by a NEBOSH-qualified Departmental Head and an experienced NEBOSH-qualified Health & Safety Adviser. The Director of Operations & HR also holds a relevant qualification and chairs the Health & Safety Committee. Specialist members serve on the Committee to represent particular hazards such as radiological protection, laser safety, asbestos and other risks in the Collections together with an employee representative, and representatives for sites and other functions.

## 7. REMUNERATION REPORT

### Introduction

The information in this report relates to the Director (Accounting Officer) and Senior Executives (Directors) of the National Maritime Museum. No remuneration is paid to the Trustees of the Museum.

### Function of the Remuneration Committee

The Committee reviews the performance of the Director and the Senior Executives annually against their objectives, receives independent advice on market comparators and other matters and then recommends to the Chairman of Trustees the level of pay and performance-related pay they should receive.

The Committee also considers any matter relating to employees as the Director and Board of Trustees may refer to it.

### Membership

The Committee consist of three Trustees who are appointed by the Trustee Board:

Nigel Macdonald CA, FRSA (Chairman)  
Admiral the Lord Boyce KG, GCB, OBE, DL  
Sir Robert Crawford CBE (from 29 March 2012)

Ex officio officer: Dr Kevin Fewster, AM (Director)

Secretary: Joanne Odle, Chartered MCIPD (Head of HR)

External Advisers: Brian McEvoy  
Alan Hurst

The Chairman of the Committee is also appointed by the Trustee Board and the quorum of the Committee is two out of three Trustees.

The Director and the Head of Human Resources (who is also Secretary) attend meetings of the Committee.

No individual is present when their remuneration or performance is being discussed.

### Performance Assessment

A key element of the Museum's reward system for the Director and the Senior Executives is that base pay is set below market levels but performance-related pay potential allows for competitive reward based on performance and contribution. The aim of the reward system is to create incentives which identify and reward excellent performance fairly rather than assuming that such performance will be inevitable and so allowing little differentiation between exceptional and adequate performance.

The individual performance agreements of directors and senior management are in turn linked with the operating plans of the Museum (which reflect the mission, objectives and values of the Museum). They thus reflect objectives and targets relating to both individual and corporate components, and the performance-related pay potential reflects the combination of these different elements. The range of performance-related pay available is from 0%-30% of salary.

Annual pay awards approved by the Museum require HM Treasury approval before they can be made, which must be obtained via the Department for Culture Media and Sport (DCMS). Increasingly, Public Sector Pay policy insists that pay awards should be performance driven.

## Service Contracts

The Director and Senior Executives have open-ended rolling employment contracts: the notice period is six months for the Director of the National Maritime Museum, and three months for other directors (six months in the case of redundancy). Other than notice periods, there are no contractual termination payments, compensation for loss of office or any provision of compensation for early retirement except for those two directors within the Civil Service Pension Scheme. Pension contributions on behalf of the directors, other than those in the Civil Service Pension Scheme, are made to defined contribution schemes.

The following information is subject to audit.

## Executives' Remuneration

The salary and pension entitlements set out below include gross salary, performance-related pay, benefits in kind and any other allowances to the extent that they are subject to UK taxation.

The emoluments were as follows:

|  | 2011-12              |                              | 2010-11              |                              |
|--|----------------------|------------------------------|----------------------|------------------------------|
|  | Salary (£'000s)      | Performance payment (£'000s) | Salary (£'000s)      | Performance payment (£'000s) |
| Dr Kevin Fewster<br>Director & Accounting Officer  | 95-100               | 15-20                        | 95-100               | 15-20                        |
| Dr Margarett Lincoln<br>Deputy Director  | 75-80                | 15-20                        | 75-80                | 15-20                        |
| Andy Bodle<br>Director, Operations and Human Resources   | 65-70                | 15-20                        | 65-70                | 10-15                        |
| Angela Doane<br>Director, Collections (until 20 July 2011 – Collections division then passed to Deputy Director) | 20-25<br>(60-65 FTE) | 10-15                        | 60-65                | 10-15                        |
| David Philip<br>Director, Finance & Enterprises  | 85-90                | 20-25                        | 85-90                | 20-25                        |
| Kevin Sumption<br>Director, Exhibitions & Programmes (until 27 January 2012)                                     | 55-60<br>(65-70 FTE) | 15-20                        | 65-70                | 10-15                        |
| Chris Styles<br>Director, Communications and Visitor Experience (appointed 29 November 2010)                     | 60-65                | 0-5                          | 20-25<br>(60-65 FTE) | -                            |
| Fiona Romeo<br>Interim Director, Programming and Exhibitions (from 30 January 2012)                              | 5-10<br>(55-60 FTE)  | 0-5                          | -                    | -                            |
| Sarah Roots<br>Director, Communications and Visitor Experience (until 22 October 2010)                           | -                    | -                            | 35-40<br>(65-70 FTE) | 15-20                        |

No directors received any benefits in kind.

### 2011-12

Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 117.5

Median Total Remuneration 15  
Remuneration Ratio 1:7.6

### 2010-11

Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 117.5

Median Total Remuneration 15  
Remuneration Ratio 1:7.7

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 mid-point of the band of remuneration of the highest-paid director in the National Maritime Museum in the financial year 2011–12 was £117,500 (2010–11, £117,500). This was 7.6 times (2010–11 7.7 times) the median remuneration of the workforce, which was £15,458 (2010–11 £15,118).

In 2011–12, nil (2010–11, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £110,000 (2010–11, £0 to £110,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind (of which there are none) as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There is no real change year on year apart from lower paid workers who were the only staff to receive consolidated pay increases under the terms of the Government's Public Sector Pay freeze, 2010-'12.

### Pension Benefits

The National Maritime Museum operates two pension schemes; a group personal pension scheme and the Civil Service Pension Schemes full details of which are given in note 7 to the accounts.

All directors are members of the group personal pension scheme other than Dr Margarett Lincoln and Andy Bodle who are members of the Civil Service Pension Schemes.

|  | Accrued pension at pension age as at 1/3/12 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/3/12 | CETV at 31/3/11 <sup>1</sup> | Real increase in CETV funded by employer <sup>2</sup> | Employer contribution to group personal pension |
|--|--|--|-----------------|------------------------------|---|---|
|  | £'000  | £'000  | £'000           | £'000                        | £'000   | Nearest £1000                                   |
| Dr Kevin Fewster                       | -  | -  | -               | -                            | -   | 10  |
| Dr Margarett Lincoln                   | 25-30 plus lump sum of 85-90                                     | 0-2.5  | 658             | 604                          | -8  | -   |
| Andy Bodle                             | 25-30 plus lump sum of 85-90                                     | -2.5-0 plus lump sum of -2.5-0                               | 521             | 491                          | - 12  | -   |
| Angela Doane (until 20 July 2011)      | -  | -  | -               | -                            | -   | 2   |
| David Philip                           | -  | -  | -               | -                            | -   | 9   |
| Kevin Sumption (until 27 January 2012) | -  | -  | -               | -                            | -   | 5   |
| Chris Styles                           | -  | -  | -               | -                            | -   | 6   |
| Fiona Romeo (from 30 January 2012)     | -  | -  | -               | -                            | -   | 1   |

<sup>1</sup> The actuarial factors used to calculate CETVs were changed in 2011–12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year’s report which was calculated using the previous factors.

<sup>2</sup> Taking account of inflation, the CETV funded by the employer has decreased in real terms.

### **Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

This reflects the increase in CETV 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.

### **Compensation for loss of office**

| <b>Exit package cost band (£)</b> | <b>Number of compulsory redundancies</b> | <b>Number of other departures agreed</b> | <b>Total number of exit packages for 2011–12</b> | <b>Total number of exit packages for 2010–11</b> |
|-----------------------------------|--|--|--|--|
| 0 - 24,999                        | 2  | 1  | 3  | 3  |
| 25,000 - 49,999                   | -  | -  | -  | -  |
| 50,000 - 99,999                   | -  | -  | -  | -  |
| <b>Total</b>                      | <b>2</b>                                 | <b>1</b>                                 | <b>3</b>   | <b>3</b>   |
| <b>Total resource cost (£)</b>    | <b>2,800</b>                             | <b>7,500</b>                             | <b>10,300</b>                                    | <b>9,463</b>                                     |

There were no departures under the terms of the Civil Service Compensation Scheme in 2011–12. Two members of staff received statutory redundancy payments each of which was below £1,750 and which in total amounted to £2,800. One member of staff received a settlement payment of £7,500 under a formal agreement.

Lord Sterling  
Chairman of the Board of Trustees

Kevin Fewster  
Director and Accounting Officer  
25 June 2012



## **8. REFERENCE AND ADMINISTRATIVE DETAILS**

Patron of the Museum: HRH The Duke of Edinburgh, KG, KT

Chairman of the Board of Trustees: The Rt Hon the Lord Sterling of Plaistow, GCVO, CBE

Director and Accounting Officer: Dr Kevin Fewster, AM

Principal address: National Maritime Museum  
Greenwich  
London SE10 9NF

Website: [www.rmg.co.uk](http://www.rmg.co.uk)

### **The Board of Trustees of the National Maritime Museum**

During 2011–12 the Board of Trustees comprised:

Lord Sterling of Plaistow GCVO, CBE, Chairman  
and in order of first appointment:

Nigel Macdonald  
Jan Kopernicki (to 23 November 2011)  
Gilly Drummond, OBE, DL  
Sir John Guinness, CB  
Admiral the Lord Boyce, KG, GCB, OBE, DL  
David Moorhouse, CBE  
Dr David Quarmby, CBE  
Linda Hutchinson  
Sir Robert Crawford, CBE  
Eleanor Boddington  
Professor Geoffrey Crossick  
Dr Chris Lintott

Brief biographies of the Trustees are available from [www.rmg.co.uk](http://www.rmg.co.uk) in the 'About Us' section.

### **The Executive**

During 2011–'12 members of the Executive were:

|                       |   |
|-----------------------|---|
| Dr Kevin Fewster, AM  | Director and Accounting Officer                                     |
| Dr Margarette Lincoln | Deputy Director   |
| Andy Bodle            | Director, Operations and Human Resources                            |
| Angela Doane          | Director, Collections (to 20 July 2011)                             |
| David Philip          | Director of Finance and Enterprises                                 |
| Chris Styles          | Director, Communications and Visitor Experience                     |
| Kevin Sumption        | Director, Exhibitions and Programmes (to 27 January 2012)           |
| Fiona Romeo           | Interim Director, Exhibitions and Programmes (from 30 January 2012) |

A Register of Interests is maintained and is available for inspection by application to the Museum Secretary. The Register of Interests is declared by the Trustees, the Executive and senior members of staff.

***Other relevant organizations:***

**External Auditors of National Maritime Museum**

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

**External Auditor of National Maritime Museum Enterprises Ltd, and the Trust Funds**

Baker Tilly UK Audit LLP  
Chartered Accountants and Registered Auditors  
Hanover House  
18 Mount Ephraim Road  
Tunbridge Wells  
Kent, TN1 1ED

**Internal Auditors**

Moore Stephens  
St Paul's House  
Warwick Lane  
London, EC4M 7BP

**Bankers**

Royal Bank of Scotland  
49 Charing Cross  
Admiralty Arch  
London, SW1A 2ZD

**HSBC**

275 Greenwich High Road  
Greenwich  
London, SE10 8NF

**Legal advisers**

Farrer & Co  
66 Lincoln's Inn Fields  
London, WC2A 3LH

Slaughter and May  
One Bunhill Row  
London, EC1Y 8YY

Stone King  
16 St John's Lane  
London, EC1M 4BS

CMS Cameron McKenna  
Mitre House  
160 Aldersgate  
London, EC1A 4DD

## **9. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2011–12**

### **Government**

The Department for Culture Media and Sport  
The Heritage Lottery Fund  
Science & Technology Facilities Council

### **Major Supporters**

The Sammy Ofer Foundation  
Barclays  
The DCMS/Wolfson Foundation Museums and Galleries Refurbishment Fund  
Lloyd's Register Educational Trust  
The Peter Harrison Foundation  
The Fidelity Foundation UK  
The Sackler Foundation  
The Esmée Fairbairn Foundation  
The Garfield Weston Foundation  
and other supporters who wish to remain anonymous

### **Donors**

The Arts and Humanities Research Council; The Ernest Cook Trust; Joseph Strong Frazer Trust; Greenwich Hospital Foundation; The Charles Hayward Foundation; The Inchcape Foundation; The Ironmongers' Company; The Leathersellers' Company Charitable Fund; The Mercers' Company; The Nelson Society; Sir John Fisher Foundation; The Royal Astronomical Society; The Society for Nautical Research; The Swire Charitable Trust; and Transformers (funded by The National Lottery through the Olympic Lottery Distributor and managed by East London Business Alliance).

### **Bequests**

Miss Joan Evelyn May  
Denise Carmen Rouse  
Raymond Robert Scales

### **The American Fund of the National Maritime Museum and the Royal Observatory Greenwich (EIN 30-0190984) Supporters:**

Dayton T Carr; Stephan Frank; C Richard and Deborah Carlson; Gary & Beth Glynn; Lee MacCormick Edwards & Michael Crane; Howard & Patricia Lester; David M Wells; Lt Cdr P Fletcher; Robert H Moore II; Mr and Mrs David M Rich; and The Gladys Kriebel Delmas Foundation.

### **Sponsors**

Barclays  
KPMG Thames Clippers  
OMEGA SA  
Premier Foods – Sharwoods  
Transas Marine International.

### **Corporate Members**

Accor UK; Barclays BMT Group Ltd; BP Shipping; Braemar Seascope; CMS Cameron McKenna; Chang Yung-Fa Foundation; Howe Robinson & Co Ltd; Liberty Syndicates; Lloyd's Register; Shell International Trading and Shipping Co. Ltd; The Baltic Exchange; BMT Group Ltd; Clarksons; and the Port of London Authority.

### **Life Patrons**

Michael T.R Brown; Rear Admiral Sir Jeremy de Halpert; D Gregory B Edwards; Anthony Inder Rieden; Alan R W Marsh; Clive Richards; Vaughan Pomeroy; Ann Nussey; and others who wish to remain anonymous.

### **Patrons**

Elizabeth Lady Amherst; John R Asprey; Mr & Mrs Donald Brydon; Mr and Mrs William Callanan; Terence Camerer Cuss; Rear Admiral and Mrs Roy Clare; Peter J Cowling; Andrew Crisford; Simon C Davidson; J.E. Day; Baroness Brenda Dean; Dr Kevin Fewster; Nicholas Fisher; Shauna, Lady Gosling; Sir David and Lady Hardy; Nigel Hollebone; Richard Hunting; Commander P J Linstead-Smith; John Manser; John W R Martin; Ravi K Mehrotra; Richard Ormond; The Lord Tanlaw; Mrs Karen Tearle; Mr and Mrs John Tucker; Anthony Watson; and others who wish to remain anonymous.

**Honorary Commodores** – awarded for outstanding support and commitment to the Museum. Three new Honorary Commodores were appointed during the year, John Anderson, William Edgerley and Nigel Macdonald.

Honorary Commodores are:

John Anderson; Sir David Attenborough; Victor Benjamin; Richard Carlson; Professor Martin Daunton, William Edgerley, Sir David Hardy; Peter Harrison; Nigel Macdonald; Zvi Meitar M Jur; Sammy Ofer; Libby Purves; Dr David Quarmbly; Lord Rees of Ludlow; Professor NAM Rodger; Dr Mortimer & Mrs Theresa Sackler; Coral Samuel; Peter Snow; Dava Sobel; Dr David Starkey; Sir Arthur Weller; Lord Wolfson of Marylebone; and Susan T Zetkus.

### **Corporate Loan Holders**

Mandarin Oriental Hyde Park Hotel; Rathbone Brothers plc; Simpson, Spence and Young Ltd; The Cayzer Trust Company; and The Leathersellers' Company.

### **Donors to the Collection**

During the year artefacts were donated to the Museum by the following:

L W Bridger; Angela Bromley-Martin; Alistair J Dickson; British Shipbuilders; Reverend Michael Cotton; Susan Cran; Susan Dain, Bridget Moss and Celia Moss; Graham L Darby; Rose Dimaio; Madeleine Dobson; George J. Evelyn; Keith Ford; Philip Fowke; Patricia A. Gatward-Syme; Donovan Hailstone; Denise Harrington; Harwich Haven Authority; Colonel C. M. G. Hendy; John Hopkyns; Susan Kerr; John Lankester; Henry Lawie; Tim Lewin; K O Mayer; Hugh Moffat; National Museum of Science and Industry; Madge Needley; Kay Nevin; Mrs J E Nottage; His Royal Highness The Duke of Edinburgh; John D. Pope; P G Powles; Raymond Radley; St. Margaret's Convent; John C Thacker; Mrs H. Turian; Angela Wagstaff; Sylvia Webb; Stephen White; Sandra Whitehead; Commodore Steven Wittich; Julia Wykeham-Martin.

To all of whom the Trustees are very grateful.

## **10. FINANCIAL REVIEW**

### **Presentation of Accounts**

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992.

The Annual Report and Accounts are presented in accordance with the reporting requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities and the Government Financial Reporting Manual.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

### **Consolidated Accounts**

The consolidated Accounts of the National Maritime Museum comprise the Museum itself, its wholly owned subsidiary National Maritime Museum Enterprises Limited, the Caird Fund, the Development Fund and the Number 3 Trust Fund.

### **Financial policy**

During the period covered by these accounts the National Maritime Museum was funded primarily by Grant in Aid from the Department for Culture, Media and Sport (DCMS). Of the £17.3m received in the year £241k was ring-fenced for National Historic Ships UK. In line with Government objectives the Museum seeks to ensure that optimum use is made of all resources during the financial year and, in so far as it is consistent with its objectives, seeks to maximise non-Exchequer resources generated through commercial activities.

### **Overview of Financial performance for the year**

#### **Statement of Financial Activities**

2011-12 presented various financial challenges for the Museum; increased operating costs associated with the opening of the new £35m Sammy Ofer Wing; reduction in grant in aid and the continuing uncertainties in the economic environment. Total incoming resources for the year were down by £9.8m overall. This is mainly due to a reduction in capital funding for the Sammy Ofer Wing which was completed in July 2011.

This reduction was offset by robust performances from our trading company and our other commercial activities; trading income was up £570k and increased admissions to the Peter Harrison Planetarium, the Royal Observatory and our temporary exhibition boosted income by £1.5m. Membership income increased to £73k, up 35%, and we hope to build on this further with our upgraded facilities and exciting programme of exhibitions.

Investment income showed no significant improvement in the year and continues to be depressed due to the uncertain economic climate.

Resources expended increased by £6.8m. The capitalisation of the Sammy Ofer Wing contributed to an increase of £1.2m in the depreciation charge; the opening of the new wing and an increase in our commercial activities led to an increased headcount and consequent increased salary cost of £912k. During the year there was substantial investment in the museum's temporary exhibition programme for both the current and future years.

The Museum also made grants totalling £3.4m, including £3.1m to the Royal Museums Greenwich Foundation, details of which are below under Reserves.

## **Trading subsidiary**

The Museum owns 100% of the share capital of National Maritime Museum Enterprises which carries out trading and other commercial activities on its behalf.

The trading company posted an excellent result. The retail offer was considerably enhanced during the year by the opening of the shop in the new wing, which substantially increased the space available and therefore the range of products on sale. As a result retail gross profit increased by 10%, to £929k. Sponsorship deals related to the temporary exhibition programme, the opening of the brasserie and new café in the Sammy Ofer Wing and an upsurge in our events and filming activities boosted pre-tax profits to £990k.

## **Balance Sheet**

### **Reserves Policy**

Annually the Trustees review and approve the level of readily available (ie free) reserves to ensure that it is appropriate to the scale, complexity and risk profile of the Museum. This review takes into account the fact that over 50% of the Museum's incoming resources are from Grant in Aid from DCMS. The level of free reserves is set to provide what is considered to be sufficient contingency for a shortfall in income from the Museum's other funding and any cash flow risks (whether due to timing or other factors) on capital projects, the collections development programme or other unforeseen liabilities. The annual budget is formally reviewed each quarter and adjustments made to reflect any change in circumstances.

The Museum's historic reserves are subject to Treasury budgetary rules under which the Museum's ability to access its reserves is subject to approval by DCMS. Whilst there has been some relaxation in the level of access in 2011-12 a more permanent solution was required. Consequently, in March 2012, a new charity, the Royal Museums Greenwich Foundation, was incorporated independently of the Museum.

The Board of Trustees of the National Maritime Museum and the Trustees of the Development Fund have decided to make grants to the Royal Museum Greenwich Foundation totalling £3.1m.

In addition a revenue grant totalling £200k has been made to the National Maritime Museum Cornwall.

### **Reserves at 31 March 2012**

In accordance with the funding agreement with the DCMS the Museum has access to its reserves up to a maximum of £8.7m during the current four year funding agreement, with £5.3m available for the 2011-12 financial year. The Museum has utilised this in full in the year.

At 31<sup>st</sup> March 2009 the Trustees established a Galleries Masterplan Fund, by transferring £3.5m out of the General Reserve, to finance the upgrade of the Museum's permanent galleries. In 2011-12 this fund was utilised to the extent of £2.5m.

Although there is no specific target in place for General Reserves the Trustees consider that maintaining the balance at year end of free reserves at £2.5m is adequate. The Trustees are satisfied with the overall level of Reserves in the Museum.

The split of Reserves can be summarised as follows:-

|   | £m                  |
|---|---------------------|
| Fund representing endowments to the Museum, by way of heritage assets, gifts, grants, donations and amounts held in the Caird and No.3 Trust Fund | 95.7                |
| Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 <sup>st</sup> March 2012    | 5.8                 |
| Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application                                   | 8.9                 |
| Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid   | 9.5                 |
| Designated funds for a specific project or purpose in the future including the Galleries Masterplan   | 6.9                 |
| Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions  | 2.5                 |
|   | <b><u>129.3</u></b> |

Full details of these funds and their purpose are given in Notes 20-22 of the Accounts.

### **Investment policy**

The Museum holds funds for charitable purposes in the form of:-

- Specific endowments
- Funds representing the accumulated reserves resulting from income from designated and specific purposes and
- Accumulated unrestricted income

The Museum's investment policy is to maintain a balance between capital appreciation and income generation to meet the needs of the Museum whilst taking account of donors' requirements where funds have been donated to the Museum for specific purposes.

The investments are held as units in a variety of funds managed by Jupiter Asset Management Limited. During the year the Finance Committee reviews the investment strategy previously adopted of a three way split of investment balances between cash, international equities and bonds and adjusts this split as necessary.

### **Investment performance**

As previously indicated there has been no significant improvement in investment returns in the year and income earned and value of investments (£3.9m) are on a par with last year.

The Museum also holds £13.5m in cash or short term deposit accounts, accumulated from donations and self-generated income. These deposits, plus the significant contribution from Grant in Aid, considerably reduce the Museum's exposure to liquidity or cash flow problems; credit risk is also deemed to be immaterial.

### **Tangible Fixed Assets**

Due to the completion of the new wing during the year a full revaluation of the Museum's estate was carried out at year end by external valuers, Gerald Eve, Chartered Surveyors. As a result there was a reduction in the net book value of the land and buildings of £4.5m. Note 10 gives full details of the Museum's Tangible Fixed Assets which stand at £109m at year end.

**Heritage Assets**

During the year the Museum purchased Heritage Assets with a value of £164k and received donations or bequests to the value of £3.9m. Details of the more notable acquisitions are given on page 13.

**External Audit**

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2011-12 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Baker Tilly UK Audit LLP undertake the audit of the National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £53k, comprising £38k for the consolidated accounts audited by the National Audit Office and £15k for the Trust Funds and NMME audited by Baker Tilley UK Audit LLP.

**Payment of Creditors**

The Museum pays 80% (2010-'11: 85%) of its suppliers within 30 days. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

**Going Concern**

In October 2010 the Museum was advised by DCMS that it would cut the revenue element of the Grant in Aid by 15% over the life of the current funding agreement ending 2014-'15. The Executive Board has taken the appropriate actions to reduce costs and seek other sources of income to ensure that the reductions will not materially affect the financial stability or operations of the Museum. The Trustees, therefore, are of the opinion that it is appropriate for the accounts to be prepared on the going concern basis.

Lord Sterling  
Chairman of the Board of Trustees

Kevin Fewster  
Director and Accounting Officer  
25 June 2012



## **11. STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF TRUSTEES AND THE DIRECTOR AS ACCOUNTING OFFICER**

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees of the National Maritime Museum is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Board's financial activities during the year and its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to comply with the requirements of FReM and in particular to:

- observe the accounts direction\* issued by the Secretary of State for Culture, Olympics, Media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice 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 the Museum will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Museum. The Director's relevant responsibilities as Accounting Officer including his responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records, and for safeguarding the Museum's assets, are set out in Chapter 3 of *Managing Public Money* by the Treasury.

So far as the Accounting Officer and the Board are aware, there is no relevant audit information of which the Museum's auditors are unaware, and the Accounting Officer and the Board 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 Museum's auditors are aware of that information.

Lord Sterling  
Chairman of the Board of Trustees  
25 June 2012

Kevin Fewster  
Director and Accounting Officer  
25 June 2012

\* A copy of this is available from the Director of Finance and Enterprises, National Maritime Museum, Romney Road, London SE10 9NF

## **12. GOVERNANCE STATEMENT**

On 17<sup>th</sup> February 2012 HM Treasury issued an amendment to “Managing Public Money” whereby the annual Statement on Internal Control was to be replaced by a Governance Statement with effect from the 2011–12 year.

This governance statement, for which the Accounting Officer takes personal responsibility, and the Board of Trustees, represented by the Chairman of the Audit Committee, take corporate responsibility, manifests how these duties have been carried out in the course of the year.

It is designed to give the reader a clear understanding of the dynamics and control structure of the Museum. It records the stewardship of the organisation and encompasses discussion of both corporate governance and risk management. Supplementing the accounts, it provides a sense of the Museum's resilience to challenges and any residual vulnerability.

### **1. The Governance Framework**

#### **1.1 Statutory Background**

The founding legislation is the National Maritime Museum Act 1934 which established the National Maritime Museum and a Board of Trustees, who are a body corporate by the name of the Trustees of the National Maritime Museum. The 1934 Act was amended by the National Maritime Museum Act of 1989 and the Museums and Galleries Act of 1992.

Grant-in-Aid is provided by Parliament to enable the Board of Trustees to carry out the objectives set out in the original and amended Acts. The practices and procedures of the Museum comply with the requirements of the Management Statement and Financial Memorandum which defines and manages its status as an Arm's Length Body, agreed with the Department for Culture, Media and Sport (DCMS) in September 2002, and HM Treasury's "Managing Public Money" and the conditions therein in relation to the Grant-in-Aid and public funds.

The approach to governance which the Board of Trustees of the National Maritime Museum follows is intended to ensure that appropriate principles of Corporate Governance are followed effectively. There are a number of interrelated aspects.

The selection, support and motivation of a suitable management team, coupled with the development and implementation of effective strategies to deliver the statutory objects of the Museum, reflecting appropriate and agreed priorities, is central to effective governance. So is the maintenance of a creative culture of excellence which is subject to on-going constructive challenge. These elements allow a framework of interlocking personal objectives to be set and monitored, using accurate and timely management information, and allow effective internal and external communication.

All this, including the setting of priorities, reflects on-going processes enabling the Board of Trustees to identify and assess the changing risks that the Museum faces (including its reputation for academic excellence and research) and developing appropriate management responses to those risks including maintaining appropriate security and effective systems of internal control.

#### **1.2 Governance Framework**

The Board of Trustees is accountable to Parliament and has corporate responsibility for ensuring the Museum fulfils the aims and objectives set out in legislation and governing documents.

The Board of Trustees, the Board of Directors of National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining

systems of internal control in line with the *Corporate governance in central government departments: code of good practice* (see also section 8 below). They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continually reviews and updates the existing systems of internal control which are designed to meet the particular needs of the Museum and the risks to which it is exposed. By their nature, internal control systems can provide reasonable but not absolute assurance of effectiveness.

The Director as Accounting Officer is accountable to Parliament and is personally responsible for safeguarding the public funds for which he has charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the Museum as set out in Chapter 3 of *Managing Public Money* by HM Treasury.

### **1.3 Structure**

#### *National Maritime Museum*

Under the National Maritime Museum Act 1934, and as listed in Schedule 3 of the Charities Act 2011, the Board of Trustees of the National Maritime Museum is an exempt charity.

#### *Trading Company*

The National Maritime Museum established a wholly owned trading company called National Maritime Museum Enterprises Limited (NMME) on 2 April 1985. The principal activities of the company are that of running retail, catering, events and other associated activities within the National Maritime Museum.

#### *Trust Funds*

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment to generate income for the purpose and benefit of the National Maritime Museum. The Development Fund and The No 3 Trust Fund were set up for the development and benefit of the National Maritime Museum. Management of the Trust Funds is by their Trustees who comprise the members of the Finance Committee and the Director.

### **1.4 The Board of Trustees in 2011–12.**

#### **Chairman**

The Rt Hon the Lord Sterling of Plaistow GCVO, CBE, Chairman, appointed to 4 April 2013. Lord Sterling chaired all of the five Board meetings of the Trustees; chaired all four Finance Committee meetings; attended all five Audit Committee meetings; chaired both of the Nominations Committee meetings; chaired all three of the Gallery Committee meetings and attended the Collections and Research Committee meeting.

#### **Trustees in order of their first appointments**

Mr Nigel Macdonald, appointed to 9 September 2012.

Attended all of the five Board meetings of the Trustees; chaired all five Audit Committee meetings; attended all four Finance Committee meetings, of which he is a member; chaired both meetings of the Remuneration Committee; chaired both meetings of the Cutty Sark Committee; attended two of the three Gallery Committee meetings; attended all three meetings of the Exhibition Finance Committee.

Mr Jan Kopernicki, appointed to 23 November 2011.

Through to the end of his appointment term in November 2011, attended all three Board meetings of the Trustees, attended all four Audit Committee meetings, and all three Finance Committee meetings of which he was a member.

Mrs Gilly Drummond, OBE, DL, appointed to 23 February 2013.  
Attended all five Board meetings of the Trustees.

Sir John Guinness, CB, appointed to 23 February 2013.  
Attended four of the five Board meetings of the Trustees, both meetings of the Nominations Committee, the meeting of the Collections and Research Committee and three meetings of the Gallery Committee.

Admiral the Lord Boyce, KG, GCB, OBE, DL, appointed to 9 March 2013.  
Attended all of the five Board meetings of the Trustees, both meetings of the Nominations Committee of which he is a member, and both meetings of the Remuneration Committee and two of the three Gallery Committee meetings.

Mr David Moorhouse, CBE, appointed to 29 October 2013.  
Attended all of the five Board meetings of the Trustees, three of the five Audit Committee meetings of which he is a member, and two of the four Finance Committee meetings at which he is an attendee.

Dr David Quarmby, CBE, appointed to 29 October 2013.  
Attended four of the five Board meetings of the Trustees, four of the five Audit Committee meetings of which he is a member, and three of the four Finance Committee meetings at which he is an attendee.

Mrs Linda Hutchinson, appointed to 14 September 2012.  
Attended all five Board meetings of the Trustees and two of the three Gallery Committee meetings and both of the Cutty Sark Committee meetings.

Sir Robert Crawford, CBE, appointed to 14 September 2012.  
Attended all of the five Board meetings of the Trustees; four of the five Audit Committee meetings, at which he is an attendee; three of the four Finance Committee meetings of which he is a member; all three of the Gallery Committee meetings; all three of the Exhibition Finance Committee meetings; both meetings of the Nominations Committee and the Remuneration Committee meeting.

Ms Eleanor Boddington, appointed to 7 April 2014.  
Attended all five Board meetings of the Trustees and both meetings of the Cutty Sark Committee.

Professor Geoffrey Crossick, appointed to 7 April 2014.  
Attended all five Board meetings of the Trustees; chaired both meetings of the Collections and Research Committee; attendee one of the three Gallery Committee meetings and chaired the Trustees Fellowships & Awards Sub-Committee.

Dr Chris Lintott, appointed to 23 June 2014.  
Attended four of the five Board meetings of the Trustees and the Collections and Research Committee meetings.

In 2011–12 the Trustees contributed a minimum of 770 hours of voluntary service to the public's benefit at formal Board and committee meetings. This figure does not include their numerous attendances at advocacy and other events during the year nor their frequent contributions of advice and guidance to the Museum within their areas of specialism.

In September 2011, Trustees were pleased to appoint Nigel Macdonald an Honorary Commodore of the Museum in recognition of his exemplary service to the Museum and the furtherance of its public benefit during his terms as Trustee.

### **1.5 Conflicts of interest**

In common with other public bodies, the National Maritime Museum has a policy of arrangements under which potential conflicts of interest can be recognized and managed. The purpose of these arrangements is to avoid any danger of Trustees being influenced, or appearing to be influenced, by their private interests in the exercise of their public duties.

A register of Trustees' relevant interests is maintained and is available for the public to inspect on request to the Museum Secretary. In addition, a standing item of all Board and committee meetings requires Trustees to declare interests if they or close family members have an interest, pecuniary or otherwise, in any matter being considered. The Board or Committee will then decide whether it is appropriate for the Trustee to participate or withdraw from the meeting. In 2011–12 two Trustees voluntarily withdrew from the Board's discussions surrounding the *Cutty Sark*.

### **1.6 Trustee Appointments and Induction**

All recruitment and the appointment process itself is carried out in accordance with the Office of the Commissioner of Public Appointments' (OCPA) Code of Practice for Ministerial Appointments to Public Bodies and operates in accordance with the DCMS Delegated Appointment Procedure (wherein the Minister for Culture agrees the role specification) and the Board's Diversity Plan.

Advertisements are placed in media deemed appropriate for each case, ranging from national newspapers through specialist journals to the Museum's and the DCMS websites. A panel of Trustees, with an Independent Assessor representing OCPA, interviews shortlisted candidates and a recommendation is made to Ministers accordingly.

The Prime Minister makes the appointment to the Board and appointments or re-appointments are normally for four years.

In 2011–12 no existing Trustees were reappointed during the year, no new Trustees were appointed during the year and one Trustee's second term appointment came to an end.

The Chairman ensures that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. All Trustees have a copy of all relevant governance material and receive an induction course on appointment. New Trustees may also receive mentoring from members with experience.

Trustees are normally appointed to provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available and committees such as the Audit Committee benefit from an annual sector-wide conference. In addition from time to time the Board receives specific briefings on matters such as Health and Safety and compliance procedures and individual Trustees are encouraged to take up departmental visits and meet with executives.

### **1.7 The Board's committee structure**

In 2011–12 Committees of the Board and their remits were:

#### **Audit Committee**

Gives independent advice and guidance to the Board of Trustees and to the Director as Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects Government Internal Audit Standards. The Audit Committee meets two weeks before the Trustee Board so can communicate any Board level issues at that point. The Committee assesses the strategic risk register two weeks before the Trustee Board so can communicate any Board level issues at that point.

### **Finance Committee**

Responsible for monitoring the Museum's income and expenditure; for the management and investment of Museum and trust funds; reviews quarterly financial performance against budgets; reviews quarterly corporate performance against Management Plan and Funding Agreement targets and plans prior to meetings of the Board. The Finance Committee monitors progress of major capital projects. The Finance Committee meets two weeks before the Trustee Board so can communicate any Board level issues at that point.

### **Remuneration Committee**

Determines and recommends to the Chairman the reward and performance packages for the Executive and advises the Chairman on his assessment of the Director's remuneration.

### **Nominations Committee**

Recommends Trustee appointments and re-appointments to Ministers. The Committee identifies the skills and expertise needed to reflect the strategic needs of the Museum in consultation. Through the Office for the Commissioner of Public Appointments delegated appointments procedure, it then interviews individuals that fit the agreed role specification.

### **Collections and Research Committee**

Oversees strategies for the stewardship of collections and the development of research at the Royal Museums Greenwich in the context of the Museums' overall strategic objectives. The Trustees Fellowships & Awards Sub-Committee offers guidance and makes decisions on selecting candidates for Museum fellowships and selecting candidates for the Caird Medal.

In addition to these formally constituted committees, in 2011–12 Trustees also operated the following three committees to explore and deal with particular issues and projects:

The Cutty Sark Committee looked at the ways and means whereby the Museum could assist the Cutty Sark Trust, after its completion of the capital conservation project, in operating the ship.

The Trustee Gallery Committee reviewed and critiqued the management proposals for a suite of permanent gallery renewals.

The Trustee Exhibition Finance Committee was established to review the financial planning of the Museum's exhibitions programme.

## **1.8 The work of the Trustee Board in 2011–12**

In 2011–12 the significant work of the Board and its committees included:

- overseeing the completion of the £35 million Sammy Ofer Wing project on budget and some 10 months earlier than originally scheduled
- undertaking the operational management of the *Cutty Sark* (under instruction from the Cutty Sark Trustees via a Service Level Agreement)
- achieving a new group name for the Museum's sites – *Royal Museums Greenwich*
- strategic work on a revised plan and content for the permanent maritime galleries
- delivering, to critical acclaim, the Museum's first major exhibition since 2005, *Royal River; Power, Pageantry and the Thames* in the new facilities of the special exhibitions gallery
- conducting a strategy day to consider the Master Narrative for the Royal Observatory and designing future strategies in support of the refreshed objectives

The minutes of Trustee Board meetings are available at [www.rmg.co.uk/about/the-organization/trustees/minutes](http://www.rmg.co.uk/about/the-organization/trustees/minutes)

The Board has received no ministerial directions.

## **2. The Board's performance, including its assessment of its effectiveness**

The Board's performance in terms of outputs and outcomes is outlined in section 1.8 above and further documented in Section 3 Activities and Achievements above of the Report.

The Board conducted a formal self-assessment of its internal effectiveness in terms of processes and behaviours (as did the Audit Committee –see 3. below).

The Board reviewed the results of the assessment and agreed that there were no matters that needed to be immediately addressed.

However, though a majority of Trustees considered that their on-going personal development remains up to date, some Trustees considered they would benefit from personal development activities to update their skills and knowledge. It was agreed that this matter will be explored with individual Trustees in the 2012-'13 year.

## **3. Highlights of Board Committee reports**

The minutes from all the main Committees are circulated to all Trustees prior to the Board's quarterly meetings.

The Chairman of the Audit Committee makes an annual report to the Board at its September meeting on the previous year's audit Committee business. We report below in section 6.4 on the issues highlighted in the internal audit work for 2011–12.

In its September report, the Audit Committee found that there were no matters of high risk or significance arising from the first five audit reports to bring forward to the Board of Trustees. There were, however, a number of recommendations as a result of the reports substantially all of which have already been implemented and the remainder are in the course of implementation.

During the year, the Audit Committee reviews certain items at each meeting including the quarterly risk register to identify how risks are being managed and what new risks are emerging, determining the work programme for internal audit the results of which are reported in para 4 below (Internal Audit), and follow-ups to previous internal audit recommendations. On an annual basis the Committee's work encompasses the Annual Report and Accounts for the year ended 31<sup>st</sup> March, any matters arising from the audit of those accounts by the National Audit Office and the Museum's wholly owned trading subsidiary and Trust Funds which are audited by Baker Tilly UK Audit LLP. It also deals with one-off items including emergency planning, validation of the register of interests, anti-fraud matters, and any procurement complexities that may arise.

The Audit Committee also carried out a self-assessment of its own effectiveness the results of which were that 53% of the questions were answered with a "fully satisfactory" response, and 36% with an "above average response". Of the remaining responses none were "below average" and there was no significant unity on the 8% that were answered "average/some of the time other than some focus on the need to keep on-going personal development up to date.

The *Cutty Sark Committee* made constant reports throughout the year on the arrangements for the Museum's operational management of the Cutty Sark whilst maintaining the independence of the Cutty Sark Trust.

The *Nominations Committee* reported on the status of the recruitment of a Trustee with the capabilities of being the next Chair of the Audit Committee and on the next tranche of recruitment of individuals with the expertise and judgement to sustain the Board's over-arching strategies.

#### **4. The quality of data used by the Board and why the Board finds it acceptable**

Data and information used consists of financial and non-financial performance measures.

*Financial data* is provided by the Financial Information System from which is produced the monthly management accounts and comparisons with budgets. These together with a commentary are provided to the Finance Committee on a Quarterly basis and thence to the Trustee Board. Budgets are reviewed quarterly and reset according to the Museum's priorities. Revised budgets are agreed by the Finance Committee if necessary.

*Non-financial performance measures* enable the Board to monitor progress against the milestones set in the corporate plan and the targets set in the divisional business plans. The Board reviews results on a quarterly basis whilst the Executive reviews results on a monthly basis. The Finance Committee's remit includes assessing these performance measures as a precursor to the Board some two weeks later so that any issues can be communicated to the Board by the Committee.

Notes and commentaries of progress against corporate plan milestones are provided by divisional directors.

Results of progress against non-financial targets set in the divisional business plans are provided by data collectors across the Museum marshalled by the Museum's Management Planner into monthly reports for the Executive and quarterly reports for the Finance Committee and Board of Trustees. The bulk of measures are collected electronically from counting systems and a series of returns made at divisional level.

Included in these performance reports are data gleaned from public visitors themselves via the comment card system and findings from exit survey's conducted by an external provider.

The Board considers the standard of this data and information in terms of quality, accuracy and timeliness commensurate with its responsibilities in maintaining systems of internal control but when necessary the board requests additional clarification or additional information.

This data and information is reinforced by:

##### **Internal Audit**

Internal audit is provided by Moore Stephens who work to the Government Internal Audit Standards (GIAS) in order to give an independent appraisal function for the review of activities within the Museum as a service to Management.

At the beginning of each financial year the internal auditors review with management those activities which are or are likely to be of the highest risk to the Museum achieving its objectives and these form the basis for the internal audit programme which is then presented to the Audit Committee for review and approval.

During 2011–12 the internal audit work encompassed:

- Controls over charging for admission to the Royal Observatory
- The robustness of the collections management data base
- Contract management processes for catering and corporate hospitality
- Core financial controls
- Management of payroll
- Records management systems
- Cash handling across all the Museum's activities.



At quarterly Audit Committee meetings the internal auditors present their reports giving their opinion on the adequacy and effectiveness of the system of internal controls, recommendations for improvement and management's responses to those recommendations.

The results of these reviews form the basis of the internal audit annual assurance statement mentioned below and recommendations are followed up on a quarterly basis by the Audit Committee.

Reports are also given on the progress against recommendations made in previous reports. All recommendations made by the auditors to strengthen internal controls in the 2011–12 year have been implemented or are in the process of being implemented by management or, with agreement of the internal auditors, compensating controls have been put in place.

During the course of the year the internal audit programme is updated as further/new risks emerge and the amendments to the programme agreed with the Audit Committee.

The internal auditors provide an annual statement of assurance to the Accounting Officer and the Trustee Board on the work performed in the year. In respect of the 2011–12 year, the Head of Internal Audit states that,

*On the basis of the work completed, I can provide the Accounting Officer and the Audit Committee with reasonable assurance on the effectiveness of the Museum's risk management, control and governance processes reviewed as part of the 2011–12 Internal Audit plan, the scope and results of which have been agreed with management.*

### **External Audit**

The external audits of the accounts of National Maritime Museum Enterprises Limited and the Trust Funds are carried out by Baker Tilly UK Audit LLP.

The consolidated accounts of the Museum are audited by the National Audit Office on behalf of the Comptroller and Auditor General.

Both sets of auditors discuss with management areas of risk when compiling their audit planning documents. Following the audits, recommendations made in respect of internal controls and accounting effectiveness are reviewed with management and appropriate action taken.

### **5. Matters arising in the year**

During the course of the year there was one instance of “whistleblowing” which was fully investigated following the Museum's policy on such incidents. This included the involvement of the Head of Internal Audit and was reported to the DCMS Accounting Officer. Following a full and comprehensive investigation the alleged incident proved groundless.

In 2011 the Museum suffered from the loss of laptop computers with a net book value of £5,800 as a result of theft. Whilst it was not possible to identify those responsible, our investigation did identify that the system for recording our IT assets needed to be updated. Consequently a full inventory of all IT assets was undertaken and new software introduced along with electronic identification of all IT assets. Quarterly checks on the physical presence of all IT assets are now undertaken.

With regard to Procurement, based on findings on the current process and the prospect of increasing volume and complexity of transactions, Internal Audit considered that the Museum needed to make some improvements to procurement, even though the majority of the contracts sampled followed the process reasonably well. The areas of non-compliance mean that only limited assurance could be provided over the adequacy of the procurement

system followed by the Museum currently. Nevertheless, the Audit Committee is satisfied that the Management actions in updating the procurement manual and associated training is both considered and proportionate and that the risks in this area are being mitigated in a structured and prioritised manner.

Other than the mentioned above we are able to confirm that there have been no significant internal control problems in the National Maritime Museum for the year ended 31<sup>st</sup> March 2012 and up to the date of this report.

## **6. The Museum's corporate governance**

### **6.1 Scope of Responsibility**

The Accounting Officer (Director) and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for maintaining a sound system of internal control which supports the achievement of the Museum's mission, responsibilities, objectives and policies whilst safeguarding public funds and Museum's assets, for which the Accounting Officer is formally responsible, in accordance with the responsibilities assigned to him under "Managing Public Money" and the Management Statement and Financial Memorandum between the Museum and the Department for Culture, Media and Sport (DCMS).

The Museum is led and managed by the Director and the Executive with the support of the Senior Management Team and is structured to ensure delivery of the targets laid down in the Corporate Plan, Funding Agreement, the divisional business plans and the respective performance agreements of divisional directors and managers.

These targets cover outputs relating to the public's access to the collections, the themes the Museum explores and the quality of services it provides. The targets also cover financial performance and the efficiency and effectiveness of its operations. The Executive reviews performance against these targets monthly using the performance management system developed for the purpose. In turn, the Trustee Board receives reports on a quarterly basis for interrogation. The Executive monitors the performance of all major projects, such as the construction of the Sammy Ofer Wing, on a monthly/quarterly basis, or by exception reporting.

Accountability, limits of authority and lines of reporting are clearly defined throughout the Museum's management. Annual performance targets are set for each member of staff. Well-developed information and reporting systems monitor progress against financial and non-financial targets. The Financial Information System provides networked access to the details of actual and committed expenditure for activity centre managers and summarised results for divisional directors.

### **6.2 External engagement**

Until the new Management Agreement is agreed and comes into place, as an Arm's Length Body, the Museum's relationship with its sponsoring Department is governed by the Interim Funding Agreement of 20 April 2011, the 'Revised Funding 2011–15 letter of 19 March 2012, as well as the existing Management Statement and Financial Memorandum.

### **6.3 Risk Management**

The Museum views risk management as an active part of the management processes and operates a system of risk identification, assessment, addressing, reviewing and reporting in line with HM Treasury's Management of Risk – Principles and Concepts and significant projects such as the Sammy Ofer Wing are subject to the Gateway Review process.

### *Risk Policy/Appetite*

The Museum's Risk Management Policy, agreed in November 2009, recognises that the Trustees, together with the Executive Board, have overall responsibility for the management of risk in the Museum but a framework of senior level delegation and responsibility is essential if risk management is to be effective.

### *Risk Appetite/Tolerance*

The Museum's policy states that the concept of risk appetite is key to achieving effective risk management and has to be understood before considering how risks can be addressed.

When considering threats risk appetite defines the level of exposure to risk which the Museum can either justify or tolerate in pursuit of its objectives and then comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure and finding the appropriate balance.

When considering opportunities risk appetite defines how much the Museum is prepared to put at risk in order to obtain the benefits of the opportunity and then comparing the value (financial or otherwise) of potential benefits against the potential loss.

Some risk is unavoidable and may not be within the ability of the Museum to manage to a tolerable level (e.g. terrorism, flood). In such cases the Museum puts into place contingency plans.

The Policy includes specific criteria to identify the probability and impact (high, medium and low) of risks and to evaluate the effectiveness of mitigating actions (strong, medium, weak) to arrive at the net risk.

In assessing the risk level/tolerance the Trustees both at Board meetings and within the Audit Committee, review the risk register both as to content and ability for the Museum to mitigate those risks. In addition any activities of an unusual nature are considered by Trustees before the Museum is exposed to any significant risk.

### *Identification and Evaluation*

Risk registers are used as a record for all identified risks relating to the achievement of one or more of the Museum's objectives. The Museum has multiple risk registers: one for each department, a Strategic Risk Register which includes key risks for each department as well as high level corporate risks determined by the Executive Board and Trustees, registers for major capital projects and exhibitions and registers for cross Museum activities such as Health and Safety, security and data management.

Risks are usually classified under one or more of the following categories: operational, environmental, financial and reputational.

At Departmental level risks are monitored by a Risk Advisory Group.

### *Risk Ownership*

Responsibility is assigned at the relevant and appropriate level. As part of the appraisal, performance management, and objective setting mechanism, executive directors' and managers' performance agreements contain explicit requirements for identifying, assessing and managing the risks in their area of work in order to provide a reasonable assurance that their contribution to the Museum's objectives are met in the most efficient and economical way. These are linked to the Management Plan.

Specialist risk managers exist within the Museum dealing with Health and Safety, Security and Data Management.

## **7. Risk assessment**

### **7.1 Current and Future Risks**

At a corporate level strategic risks are identified, evaluated, or re-evaluated by the Executive on a quarterly basis. These risks, their management and any current issues are then brought to the Audit Committee for further consideration and then to the Board, again quarterly.

The principal external risks identified and mitigating actions being taken are summarised below.

#### *Access to Reserves*

An important element of the Trustees' ability to develop the Museum and to manage financial risk is their ability to access its historic reserves. Such reserves are subject to Treasury budgetary rules. Whilst there has been some resolution between the Museum and DCMS/Treasury in the year 2011–12 the ability of the Museum to manage reserves required a more permanent solution.

In March 2012 a new charity, The Royal Museums Greenwich Foundation, was established independently from the Museum. Grants from existing reserves, and within the DCMS budgetary cover, have been made by the Museum to The Royal Museums Greenwich Foundation as at 31<sup>st</sup> March 2012.

#### *Grant-in-Aid*

In the current economic climate there is a risk that the Government may make further cuts in funding for DCMS and consequently a potential reduction in the grant-in-aid made available to the Museum.

The Museum has in place a rigorous quarterly review of budgets as the year progresses to mitigate the impact of reduced revenues and to reprioritise funding as new issues/projects emerge and our priorities change. Coupled with this are long term plans assessing the impact of further reductions in grant-in-aid and other income.

#### *Olympics*

The Museum is adjacent to the stadium for the Olympic and Paralympic Equestrian and Modern Pentathlon events. Access to the stadium will be across the Museum's grounds and LOCOG is using part of the Museum premises for offices and other Olympic related activities. The Museum is considered as an Olympic venue for these purposes and signed a Venue Use Agreement with LOCOG in August 2011.

Whilst the Museum will remain (in the most part) open for the duration of the Games, there is a possibility that the Games will have some impact on the number of visitors to the Museum and ability to generate income.

There will be significant travel and traffic restrictions which will reduce access to the Museum and the Museum has had to develop plans to mitigate the impact on visitors, volunteers, contractors and staff.

The Museum is also working closely with Transport for London and the police in relation to security and other measures which have to be in place.

### **7.2 Information Risk**

The Museum is not aware of suffering any lapses of protective security (including data incidents) during 2011–12 or previous years and has made no report to the Information Commissioner's Office.

**8. The Board's assessment of compliance with the Corporate Governance Code**

For the reasons given above in this Governance Statement, the Board and Accounting Officer are of the opinion that the Museum complies with the *Corporate governance in central government departments: code of good practice* as appropriate for a public body of the Museum's size, scale and scope of activities.

Kevin Fewster, Director and Accounting Officer

25 June 2012

Nigel Macdonald, Chairman of the Audit Committee

25 June 2012

### **13. 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 National Maritime Museum for the year ended 31 March 2012 under the Museum and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of the Responsibilities of the Board of Trustees and the Director as Accounting Officer, the Trustees and the Director 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 National Maritime Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by National Maritime Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

#### **Opinion on regularity**

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

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Maritime Museum's affairs as at 31 March 2012 and of its net incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.



**Consolidated Statement of Financial Activities  
for the year ended 31 March 2012**

| <b>Incoming Resources</b>   | Note         | <b>Unrestricted<br/>Funds<br/>£'000</b> | <b>Restricted<br/>Funds<br/>£'000</b> | <b>Endowment<br/>Funds<br/>£'000</b> | <b>Total<br/>2012<br/>£'000</b> | <b>Total<br/>2011<br/>£'000</b> |
|---|--------------|---|---------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| <b>Incoming Resources from Generated Funds</b>                                    |              |   |                                       |                                      |                                 |                                 |
| Voluntary Funds   |              |   |                                       |                                      |                                 |                                 |
| - Grant in Aid  |              | 17,017                                  | 241                                   | -                                    | 17,258                          | 19,002                          |
| - Other   |              | 72                                      | 8,722                                 | -                                    | 8,794                           | 18,766                          |
| <b>Total Voluntary Funds</b>  | <b>2</b>     | <b>17,089</b>                           | <b>8,963</b>                          | <b>-</b>                             | <b>26,052</b>                   | <b>37,768</b>                   |
| Activities for Generating Funds   |              |   |                                       |                                      |                                 |                                 |
| - Trading Income  | <b>3</b>     | 2,297                                   | 670                                   | -                                    | 2,967                           | 2,397                           |
| - Other   | <b>4</b>     | 2,561                                   | -                                     | -                                    | 2,561                           | 1,039                           |
| <b>Total Activities for Generating Funds</b>                                      |              | <b>4,858</b>                            | <b>670</b>                            | <b>-</b>                             | <b>5,528</b>                    | <b>3,436</b>                    |
| Investment Income   | <b>5</b>     | 180                                     | 1                                     | 8                                    | 189                             | 180                             |
| <b>Total Incoming Resources from Generated Funds</b>                              |              | <b>22,127</b>                           | <b>9,634</b>                          | <b>8</b>                             | <b>31,769</b>                   | <b>41,384</b>                   |
| <b>Incoming Resources from Charitable Activities</b>                              |              |   |                                       |                                      |                                 |                                 |
| Safeguarding & Enhancing the value of its Assets                                  |              | 346                                     | 47                                    | -                                    | 393                             | 414                             |
| Maximising Access & Inspiration for its Users                                     |              | -                                       | -                                     | -                                    | -                               | 10                              |
| Satisfying its Stakeholders; Locally, Nationally & Internationally                |              | 125                                     | -                                     | -                                    | 125                             | 258                             |
| <b>Total Incoming Resources from Charitable Activities</b>                        | <b>6</b>     | <b>471</b>                              | <b>47</b>                             | <b>-</b>                             | <b>518</b>                      | <b>682</b>                      |
| <b>Total Incoming Resources</b>   |              | <b>22,598</b>                           | <b>9,681</b>                          | <b>8</b>                             | <b>32,287</b>                   | <b>42,066</b>                   |
| <b>Resources Expended</b>   |              |   |                                       |                                      |                                 |                                 |
| <b>Cost of Generating Funds</b>   |              |   |                                       |                                      |                                 |                                 |
| Costs of Generating Voluntary Funds   |              | 1,184                                   | -                                     | -                                    | 1,184                           | 1,064                           |
| Costs of Activities for Generating Funds  |              |   |                                       |                                      |                                 |                                 |
| - Trading Costs   | <b>3</b>     | 959                                     | -                                     | -                                    | 959                             | 1,004                           |
| - Other   |              | 1,595                                   | -                                     | -                                    | 1,595                           | 1,301                           |
| <b>Total Costs of Activities for Generating Funds</b>                             |              | <b>2,554</b>                            | <b>-</b>                              | <b>-</b>                             | <b>2,554</b>                    | <b>2,305</b>                    |
| Investment Management Costs   |              | 35                                      | 1                                     | 2                                    | 38                              | 35                              |
| <b>Costs of Charitable Activities</b>   |              |   |                                       |                                      |                                 |                                 |
| Safeguarding & Enhancing the value of its Assets                                  |              | 14,063                                  | 2,301                                 | -                                    | 16,364                          | 14,300                          |
| Maximising Access & Inspiration for its Users                                     |              | 3,486                                   | 395                                   | -                                    | 3,881                           | 2,590                           |
| Satisfying its Stakeholders; Locally, Nationally & Internationally                |              | 4,221                                   | -                                     | 20                                   | 4,241                           | 1,140                           |
| <b>Governance Costs</b>   | <b>8</b>     | <b>173</b>                              | <b>-</b>                              | <b>-</b>                             | <b>173</b>                      | <b>157</b>                      |
| <b>Total Resources Expended</b>   | <b>7</b>     | <b>25,716</b>                           | <b>2,697</b>                          | <b>22</b>                            | <b>28,435</b>                   | <b>21,591</b>                   |
| <b>Net (Outgoing)/Incoming Resources before transfers</b>                         |              | <b>(3,118)</b>                          | <b>6,984</b>                          | <b>(14)</b>                          | <b>3,852</b>                    | <b>20,475</b>                   |
| <b>Transfers</b>  |              |   |                                       |                                      |                                 |                                 |
| Transfers between funds   | <b>20,21</b> | (26,904)                                | 26,904                                | -                                    | -                               | -                               |
| <b>Net (Outgoing)/Incoming Resources before other Recognised Gains and Losses</b> |              | <b>(30,022)</b>                         | <b>33,888</b>                         | <b>(14)</b>                          | <b>3,852</b>                    | <b>20,475</b>                   |
| <b>Other Recognised Gains and Losses</b>  |              |   |                                       |                                      |                                 |                                 |
| Revaluation (Loss)/Gain on Fixed Assets   |              | -                                       | (4,494)                               | -                                    | (4,494)                         | 262                             |
| (Loss)/Gain on Investments  |              | (24)                                    | -                                     | (1)                                  | (25)                            | 45                              |
| <b>Total Net Movement in Funds</b>  | <b>9</b>     | <b>(30,046)</b>                         | <b>29,394</b>                         | <b>(15)</b>                          | <b>(667)</b>                    | <b>20,782</b>                   |
| <b>Funds balance brought forward at 1 April 2011</b>                              |              | <b>50,507</b>                           | <b>78,936</b>                         | <b>618</b>                           | <b>130,061</b>                  | <b>109,279</b>                  |
| <b>Funds balance at 31 March 2012</b>   |              | <b>20,461</b>                           | <b>108,330</b>                        | <b>603</b>                           | <b>129,394</b>                  | <b>130,061</b>                  |

All recognised gains and losses have been included in the accounts.

These accounts have been prepared on a Going Concern basis as all operations of the Museum continued throughout the two years and no operations were acquired or discontinued in either year.



**Balance Sheets as at 31 March 2012**

|  | Note | Group          |                | Charity        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2012<br>£'000  | 2011<br>£'000  | 2012<br>£'000  | 2011<br>£'000  |
| <b>Fixed assets</b>                            |      |                |                |                |                |
| Tangible Fixed assets                          | 10   | 108,750        | 108,173        | 108,750        | 108,173        |
| Heritage Assets                                | 12   | 8,927          | 4,862          | 8,927          | 4,862          |
| Available for Sale Investments                 | 13   | 3,966          | 3,995          | 4,466          | 4,495          |
|  |      | <u>121,643</u> | <u>117,030</u> | <u>122,143</u> | <u>117,530</u> |
| <b>Current assets</b>                          |      |                |                |                |                |
| Stock  | 15   | 349            | 337            | 30             | 49             |
| Debtors: Amounts falling due within one year   | 16   | 1,400          | 7,186          | 1,698          | 7,515          |
| Short-Term Deposit                             | 24   | 9,593          | 7,852          | 9,593          | 7,852          |
| Cash at bank and in hand                       | 24   | 3,925          | 3,273          | 2,983          | 2,501          |
|  |      | <u>15,267</u>  | <u>18,648</u>  | <u>14,304</u>  | <u>17,917</u>  |
| <b>Current liabilities</b>                     |      |                |                |                |                |
| Creditors: Amounts falling due within one year | 17   | (7,516)        | (5,600)        | (7,112)        | (5,428)        |
|  |      | <u>7,751</u>   | <u>13,048</u>  | <u>7,192</u>   | <u>12,489</u>  |
| <b>Net current assets</b>                      |      |                |                |                |                |
|  |      | <u>129,394</u> | <u>130,078</u> | <u>129,335</u> | <u>130,019</u> |
| <b>Total assets less current liabilities</b>   |      |                |                |                |                |
|  |      | <u>129,394</u> | <u>130,078</u> | <u>129,335</u> | <u>130,019</u> |
| <b>Provisions for liabilities and charges</b>  |      |                |                |                |                |
|  | 19   | -              | (17)           | -              | (17)           |
| <b>Net Assets</b>                              |      |                |                |                |                |
|  |      | <u>129,394</u> | <u>130,061</u> | <u>129,335</u> | <u>130,002</u> |
| <b>Income Funds</b>                            |      |                |                |                |                |
| Restricted funds:                              |      |                |                |                |                |
| Fair Value Reserve                             | 20   | 6              | 7              | 6              | 7              |
| Revaluation Reserve                            |      | 5,837          | 10,331         | 5,837          | 10,331         |
| Other Restricted Funds                         |      | 102,487        | 68,598         | 102,487        | 68,598         |
| Total Restricted Funds                         |      | <u>108,330</u> | <u>78,936</u>  | <u>108,330</u> | <u>78,936</u>  |
| Unrestricted funds:                            |      |                |                |                |                |
| Fair Value Reserve                             | 21   | 677            | 694            | 677            | 694            |
| Designated funds                               |      | 17,299         | 47,328         | 17,240         | 47,269         |
| General funds                                  |      | 2,485          | 2,485          | 2,485          | 2,485          |
| Total Unrestricted Funds                       |      | <u>20,461</u>  | <u>50,507</u>  | <u>20,402</u>  | <u>50,448</u>  |
| <b>Capital Funds</b>                           |      |                |                |                |                |
| Fair Value Reserve                             | 22   | 49             | 56             | 49             | 56             |
| Endowment Funds                                |      | 554            | 562            | 554            | 562            |
| Total Endowment Funds                          |      | <u>603</u>     | <u>618</u>     | <u>603</u>     | <u>618</u>     |
| <b>Total Funds</b>                             |      |                |                |                |                |
|  |      | <u>129,394</u> | <u>130,061</u> | <u>129,335</u> | <u>130,002</u> |

Lord Sterling of Plaistow, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

25 June 2012

**Consolidated Cash Flow Statement  
For the Year Ended 31 March 2012**

| <b>Cash Flow Statement</b>                             | <b>Note</b> | <b>2012<br/>£'000</b> | <b>2011<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|
| <b>Net cash inflow from operating activities</b>       | <b>24</b>   | 11,240                | 20,078                |
| <b>Returns on investments and servicing of finance</b> |             |                       |                       |
| Interest received                                      |             | 189                   | 180                   |
| <b>Capital expenditure and financial investment</b>    |             |                       |                       |
| Payments to acquire tangible fixed assets              |             | (9,040)               | (21,924)              |
| Payments to acquire investments                        | <b>13</b>   | (1,318)               | (1,097)               |
| Proceeds from sale of investments                      | <b>13</b>   | 1,322                 | 1,097                 |
| <b>Management of Liquid Resources</b>                  |             |                       |                       |
| Decrease/(Increase) in short term deposits             |             | (1,741)               | 2,319                 |
| <b>Increase in cash</b>                                | <b>24</b>   | <u>652</u>            | <u>653</u>            |

**Notes to the Consolidated Accounts  
For the Year Ended 31 March 2012**

**1 Accounting Policies**

The accounts comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), applicable accounting standards, the requirements of the HM Treasury's Financial Reporting Manual, Charities Act 1993 and in the case of the subsidiary the Companies Act 1985, and Accounts Direction issued by the Department for Culture, Media and Sport. The particular accounting policies adopted by the Museum are described below.

**(a) Basis of accounting**

The accounts have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the required valuation methods for financial instruments. The Museum (Group) accounts includes the three Trusts (The Caird Fund, The Development Fund and The No. 3 Trust Fund) and the trading subsidiary, National Maritime Museum Enterprises Limited (NMME). All figures shown as Charity are comprised of the Group results excluding NMME. The accounts are consolidated on a line-by-line basis.

**(b) Incoming resources**

Income is classified under the headings of Incoming Resources from Generated Funds and Incoming Resources from Charitable Activities. Grant-in-aid from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities in the year that it is received. Lottery and grant income is recognised when the conditions for its receipt have been met. Donations are recognised on a receipts basis unless there is earlier certainty of amount and entitlement. Commercial income including sponsorship is recognised upon performance of services rendered in accordance with the contractual terms. Admissions and membership income is recognised as received. All other income is recognised where there is certainty of receipt and the amount is quantifiable.

**(c) Expenditure**

All expenditure has been accounted for on an accruals basis.

Expenditure is matched to the income classifications under the headings of Costs of Generating Funds and Costs of Charitable Activities with the additional classification of Governance rather than the type of expense in order to provide more useful information to users of the accounts.

Costs of Generating Funds and Costs of Charitable Activities comprise direct expenditure including direct staff costs attributable to the activity.

Where costs are unable to be directly attributed they are allocated to activities on a basis consistent with use of the resources in accordance with SORP 2005. The use of resources for costs not directly attributable to an activity are allocated in accordance with resource use (based on activity income and direct expenditure divided by total income and direct expenditure).

Governance costs include audit fees and a portion of administration costs. The Governance administration costs are calculated as a percentage of the total administration costs for the Directorate, Finance Department and Human Resources Department which are not directly attributable to an activity. This allocation includes an apportionment for the following expenditure:

Salaries - including Pensions and Social Security  
Staff Recruitment  
Staff Training and Development  
Professional Consultancy Fees  
Professional Legal Fees

**(d) Collection acquisitions (Heritage Assets)**

In accordance with H.M. Treasury's Reporting Manual, additions to the collections (that is, heritage assets), acquired since 1 April 2001 are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such cost or value is reasonably obtainable and reliable. Objects that are donated to the Museum are valued by curators based on their knowledge and market value where available. Heritage assets are not depreciated or revalued as a matter of routine.

In respect of the collections that existed at 31 March 2001, reliable information on cost or valuation is not available and cannot be obtained at a cost commensurate with the benefits to the users of the financial statements. Therefore such assets are not recognised in the balance sheet.

An overview of the collection is given in Note 12.

**(e) Tangible fixed assets**

The Museum capitalises the purchase of assets which cost more than £1,000 (either individually or cumulatively as part of a recognised asset group) and which have lives beyond the financial year in which they are bought.

All fixed assets are reported at cost less accumulated depreciation, except in the following instance:

- Land and buildings are professionally fully valued every five years; due to the completion of the Sammy Ofer Wing development a full valuation was undertaken as at 31 March 2012. In the years between full valuations of land and buildings a review based revaluation is undertaken. The next full valuation is due to be undertaken in 2017.

No revaluation is undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

Depreciation is provided on all tangible assets, except freehold land, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis. For assets under construction, depreciation is not charged until the asset has come into use.

Fixed assets are depreciated from the date of acquisition to the date of disposal.

Indicative asset lives are as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Buildings - Structure             | 100 years           |
| Buildings - Plant & Machinery     | 20 years            |
| Buildings - Fit out               | 20 years            |
| Fixtures and fittings             | 4 years or 10 years |
| Equipment, Computers and vehicles | 4 years             |

**Impairment of fixed assets**

An assessment of whether there is objective evidence of impairment is carried out for all fixed assets at the balance sheet date. A fixed asset is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future recoverable value of the asset that can be reliably estimated. Where there is objective evidence that an impairment loss exists, impairment provisions are made to reduce the carrying value to the present estimated recoverable value.

## **(f) Financial instruments**

### **Financial assets**

The Museum classifies its financial assets in the following categories: receivables and available-for-sale. The classification depends on the purpose for which the financial asset was acquired.

#### **i. Receivables**

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Museum has no intention of trading these receivables. Receivables consist of trade and other debtors and are recorded at their carrying values, in recognition that these assets fall due within 1 year.

#### **ii. Available for sale financial assets**

Available for sale ("AFS") financial assets are mainly investments that the Museum does not plan to hold until maturity.

Investments that are treated as AFS financial assets are stated at fair value (market value). Given that these investments are small in relation to the Museum's overall reserves, it is the Museum's policy to keep valuations up to date. As a result, the Statement of Financial Activities only includes those unrealised gains or losses arising from the revaluation of the portfolio throughout the year. Disclosure is made in Note 13 of the difference between historical cost and the sale proceeds of the investments sold during the year.

### **Impairment of financial assets**

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Where there is objective evidence that an impairment loss exists on receivables carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

### **Financial liabilities**

Trade, other creditors and accruals are recorded at their carrying value, in recognition that these liabilities fall due within 1 year.

## **(g) Stock**

Stock is valued at the lower of cost and net realisable value.

## **(h) Pension Schemes**

Pensions costs are accounted for as they are incurred.

### **(i) Early retirement costs**

#### **Principal Civil Service Pension Scheme (PCSPS)**

Under the rules of the PCSPS the early retirement of officers is permitted with the agreement of the Museum. In these circumstances certain benefits arise for the employee. The Museum bears the cost of these retirement benefits for the period from the officer's retirement up to their normal retirement age under the Scheme's rules.

The total pension liability up to the normal retirement age of the officer is charged to the Statement of Financial Activities in the year in which the employee ceases employment and an increase in the provision for future pensions is made. The provision is released each year to fund the pension paid to the retirees until the date at which they normally would have retired.

#### **Group Personal Pension Scheme**

There are no early retirement benefit costs incurred by the Museum under the Group Personal Pension Scheme.

## **(j) Foreign currencies**

Unless material, foreign currency transactions are converted to or from Sterling at the Bank Rate available on the day of the transaction. For material transactions and where a movement in currency would present a risk to the Museum, this is minimised by securing the currency in advance of payment.

## **(k) Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. Restricted funds are funds subject to specific conditions imposed by donors or by the purpose of the appeal. Permanent endowment funds are funds which the donor has stated are to be held as capital.

Transfers are made from Unrestricted funds to Restricted funds to cover restricted funds' deficits. Where restricted funds are received for specific capital or other projects, once expenditure is incurred, transfers are made to the appropriate fund.

## **(l) Leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities of the period in which the cost is incurred. The Museum holds no finance leases.

## **(m) Taxation**

The Museum is a Non Departmental Public Body Exempt Charity and under Section 505 ICTA 1988 is exempt from income taxation on charitable activities.

## 2 Voluntary Funds

£17,258,000 (£19,002,000 - 2011) of Grant in Aid has been received from the Department for Culture, Media and Sport during the year.

|                              |         | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
|------------------------------|---------|--------------------------------|------------------------------|-----------------------------|---------------|---------------|
| Operating Expenditure        |         | 15,149                         | -                            | -                           | 15,149        | 14,816        |
| Pension Uplift               |         | 111                            | -                            | -                           | 111           | 111           |
| Capital Grant                |         | 1,757                          | -                            | -                           | 1,757         | 3,826         |
| Historic Ships Unit          |         | -                              | 241                          | -                           | 241           | 249           |
| Total Grant in Aid           | Note 25 | 17,017                         | 241                          | -                           | 17,258        | 19,002        |
| Donations                    |         | 72                             | 667                          | -                           | 739           | 988           |
| Donations - Capital Projects |         | -                              | 3,399                        | -                           | 3,399         | 14,577        |
| Donated Objects              |         | -                              | 3,901                        | -                           | 3,901         | 243           |
| Heritage Lottery Fund        | Note 25 | -                              | 755                          | -                           | 755           | 2,958         |
| Total Voluntary Funds        |         | 17,089                         | 8,963                        | -                           | 26,052        | 37,768        |

Donated objects are artefacts given to the Museum with a value of £3,901,000 (£243,000 - 2011). Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

During the year the Museum received Donations for Capital Projects with a value of £3,399,000 (£14,577,000 - 2011). These donated funds specifically relate to the Sammy Ofer Wing development which was completed in July 2011.

## 3 Results of Trading Subsidiary

The Museum has a trading subsidiary National Maritime Museum Enterprises Limited whose principal activities are merchandising through the Museum shops and the organisation of commercial activities and events. The company donates its profit to the Museum through Gift Aid. A summary of its trading results is shown below. Audited accounts are filed with the Registrar of Companies.

### Profit and Loss Account

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| Trading Income                                | 1,671         | 1,686         |
| Cost of sales                                 | (742)         | (842)         |
| Gross profit                                  | 929           | 844           |
| Income from other commercial activities       | 1,296         | 711           |
| Administrative expenses                       | (1,239)       | (1,135)       |
| Operating profit                              | 986           | 420           |
| Interest receivable and similar income        | 4             | 4             |
| Profit on ordinary activities before taxation | 990           | 424           |
| Tax on profit on ordinary activities          | -             | -             |
| Profit on ordinary activities after taxation  | 990           | 424           |
| Gift Aid donation to the Charity              | (990)         | (430)         |
| Loss retained in the subsidiary               | -             | (6)           |

Other commercial activities include venue hire, corporate membership and artefact loans and the catering franchise commission.

Administrative expenses include charges of £1,022,000 (£973,000 - 2011) from the Museum.

Administrative income is showing an improved performance due to the receipt of £670,000 sponsorship. This has in turn increased the amount of profit on ordinary activities that is available for distribution as Gift Aid to the Charity.

Profits on ordinary activities after taxation of £990,000 (£430,000 - 2011) have been distributed as Gift Aid to the Charity.

### Balance Sheet

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| Current Assets                                | 1,369         | 1,162         |
| Current Liabilities                           | (810)         | (603)         |
| Total current assets less current liabilities | 559           | 559           |

### Capital and Reserves

|                                | 2012<br>£'000 | 2011<br>£'000 |
|--------------------------------|---------------|---------------|
| Called-up equity share capital | 500           | 500           |
| Profit and loss account        | 59            | 59            |
|                                | 559           | 559           |

**Reconciliation of results of trading subsidiary to the consolidated Statement of Financial Activities**

|   | 2012         | 2011         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Trading income                          | 1,671        | 1,686        |
| Income from other commercial activities | 1,296        | 711          |
| Trading income per SOFA                 | <u>2,967</u> | <u>2,397</u> |
| Administrative expenses                 | 1,981        | 1,977        |
| Intercompany transactions               | (1,022)      | (973)        |
| Trading costs per SOFA                  | <u>959</u>   | <u>1,004</u> |
| Investment income                       | 4            | 4            |
| Intercompany transactions               | -            | -            |
| Investment income included within SOFA  | <u>4</u>     | <u>4</u>     |

**4 Activities for Generating Funds - Other**

Incoming Resources from Activities for Generating Funds - Other is made up as follows:

|                     | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
|---------------------|--------------------------------|------------------------------|-----------------------------|---------------|---------------|
| Admissions          | 2,239                          | -                            | -                           | 2,239         | 684           |
| Donations           | 164                            | -                            | -                           | 164           | 218           |
| Event Attendance    | 3                              | -                            | -                           | 3             | 10            |
| Grounds Rental      | -                              | -                            | -                           | -             | 20            |
| Membership          | 73                             | -                            | -                           | 73            | 54            |
| Publications        | 30                             | -                            | -                           | 30            | 27            |
| Royalties           | 10                             | -                            | -                           | 10            | 3             |
| Miscellaneous Other | 42                             | -                            | -                           | 42            | 23            |
|                     | <u>2,561</u>                   | <u>-</u>                     | <u>-</u>                    | <u>2,561</u>  | <u>1,039</u>  |

**5 Investment Income**

Investment income is made up as follows:

|   | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
|---|--------------------------------|------------------------------|-----------------------------|---------------|---------------|
| Dividends receivable                      | 8                              | -                            | 1                           | 9             | 70            |
| Interest receivable - Bank interest       | 17                             | -                            | -                           | 17            | 24            |
| Interest receivable - Fixed Term Deposits | 155                            | 1                            | 7                           | 163           | 86            |
|   | <u>180</u>                     | <u>1</u>                     | <u>8</u>                    | <u>189</u>    | <u>180</u>    |

Investment income received by the Museum's three Trust accounts is allocated to the funds proportionately based on the prior years closing fund balances.

All investment income received by the Museum and its trading subsidiary, National Maritime Museum Enterprises Limited, is treated as unrestricted.

**6 Incoming Resources from Charitable Activities**

Incoming Resources from Charitable Activities include the following:

|                                    | Safeguard<br>& Enhance<br>Assets<br>£'000 | Maximise<br>Access<br>£'000 | Satisfy<br>Stake-<br>Holders<br>£'000 | Total<br>Funds<br>2012<br>£'000 | 2011<br>£'000 |
|------------------------------------|---|-----------------------------|---------------------------------------|---------------------------------|---------------|
| Car Parking                        | 18  | -                           | -                                     | 18                              | 16            |
| Conferences                        | 10  | -                           | -                                     | 10                              | 13            |
| Filming & Photography              | 42  | -                           | -                                     | 42                              | 18            |
| Licensing                          | 182                                       | -                           | -                                     | 182                             | 198           |
| Open Museum                        | -   | -                           | 18                                    | 18                              | 20            |
| Recharges                          | 32  | -                           | -                                     | 32                              | 40            |
| Reproductions, Plans & Print Sales | 37  | -                           | -                                     | 37                              | 40            |
| Research                           | 3   | -                           | -                                     | 3                               | 17            |
| Revenue Grant                      | 32  | -                           | -                                     | 32                              | 16            |
| Specific Purpose Government Grants | -   | -                           | -                                     | -                               | 157           |
| Other                              | 37  | -                           | 107                                   | 144                             | 147           |
|                                    | <u>393</u>                                | <u>-</u>                    | <u>125</u>                            | <u>518</u>                      | <u>682</u>    |

## 7 Analysis of Total Resources Expended

Cost allocation includes an element of judgement and the Museum has had to consider the cost benefit of detailed calculations and record keeping. To ensure accurate costs are kept the Museum adopts a policy of allocating costs to the respective cost headings throughout the year for projects or where the activity is self contained (for example, activities undertaken by the subsidiary), which means that the Activities include support costs where they are directly attributable.

The use of resources for costs not directly attributable to an activity have been allocated in accordance with resource use (based on activity income and direct expenditure divided by total income and direct expenditure), as follows:

|                                  | 2012 | 2011 |
|----------------------------------|------|------|
|                                  | %    | %    |
| Voluntary Expenses               | 43   | 46   |
| Activities for Generating Income | 7    | 4    |
| Investment Expenses              | 1    | 1    |
| Safeguard and Enhance Assets     | 34   | 35   |
| Maximise Access                  | 9    | 7    |
| Satisfy Stakeholders             | 2    | 3    |
| Governance                       | 4    | 4    |

|  | Direct<br>Activities | Support Cost Allocation |            |            | Total<br>2012 | Total<br>2011 |
|--|----------------------|-------------------------|------------|------------|---------------|---------------|
|  |                      | Directorate             | Finance    | HR         |               |               |
|  | £'000                | £'000                   | £'000      | £'000      | £'000         | £'000         |
| <b>Costs of Generating Funds</b>         |                      |                         |            |            |               |               |
| Costs of generating voluntary funds      | -                    | 411                     | 385        | 388        | 1,184         | 1,064         |
| Costs of activities for generating funds | 2,361                | 67                      | 63         | 63         | 2,554         | 2,305         |
| Investment management costs              | 10                   | 10                      | 9          | 9          | 38            | 35            |
| <b>Costs of Charitable Activities</b>    |                      |                         |            |            |               |               |
| Safeguard & enhance assets               | 15,628               | 325                     | 105        | 306        | 16,364        | 14,300        |
| Maximise access                          | 3,634                | 86                      | 80         | 81         | 3,881         | 2,590         |
| Satisfy Stakeholders                     | 4,186                | 19                      | 18         | 18         | 4,241         | 1,140         |
| <b>Governance</b>                        | 63                   | 38                      | 36         | 36         | 173           | 157           |
| <b>Total Resources Expended</b>          | <b>25,882</b>        | <b>956</b>              | <b>696</b> | <b>901</b> | <b>28,435</b> | <b>21,591</b> |

### (a) Staff Costs

|   | 2012          | 2011          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Wages and salaries - Permanent Staff            | 10,418        | 9,759         |
| Wages and salaries - Agency and Temporary Staff | 392           | 282           |
| Social security costs                           | 948           | 893           |
| Pension costs                                   | 862           | 777           |
| Early retirement and termination costs          | 11            | 8             |
|   | <b>12,631</b> | <b>11,719</b> |

Staff costs of £10,382 have been capitalised in relation to the Sammy Ofer Wing project.

The average number of employees (i.e. full-time equivalents) analysed by function and category of employment was:

|  | Temporary,<br>Contract<br>Staff | and Agency | Staff on<br>Capital<br>Projects | Total<br>2012 | Total<br>2011 |
|--|---------------------------------|------------|---------------------------------|---------------|---------------|
| <b>Costs of Generating Funds</b>         |                                 |            |                                 |               |               |
| Costs of Generating Voluntary Funds      | -                               | -          | -                               | -             | -             |
| Costs of Activities for Generating Funds | 63                              | -          | -                               | 63            | 52            |
| <b>Costs of Charitable Activities</b>    |                                 |            |                                 |               |               |
| Safeguard & Enhance Assets               | 297                             | 1          | -                               | 298           | 291           |
| Maximise Access                          | 22                              | 1          | -                               | 23            | 20            |
| Satisfy Stakeholders                     | 24                              | -          | 2                               | 26            | 25            |
| <b>Administration/Support Costs</b>      | 29                              | -          | -                               | 29            | 28            |
|  | <b>435</b>                      | <b>2</b>   | <b>2</b>                        | <b>439</b>    | <b>416</b>    |

The number of senior employees, including the Director, whose emoluments as defined for tax purposes amounted to £60,000 or over in the year were as follows:

|                     | 2012     | 2011     |
|---------------------|----------|----------|
| £60,000 - £65,000   | 1        | 2        |
| £65,001 - £70,000   | 3        | 1        |
| £70,001 - £75,000   | 1        | -        |
| £75,001 - £80,000   | -        | 2        |
| £80,001 - £85,000   | 1        | 1        |
| £85,001 - £90,000   | -        | -        |
| £90,001 - £95,000   | -        | 1        |
| £95,001 - £100,000  | 1        | -        |
| £105,001 - £110,000 | 1        | 1        |
| £115,001 - £120,000 | 1        | 1        |
|                     | <b>9</b> | <b>9</b> |

Of the nine employees with earnings over £60,000 per annum there are two for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution, for these individuals, to the PCSPS was £33,931 (£33,931 - 2011) and to the NMM Group Personal Pension Plan was £35,605 (£42,284 - 2011).

#### The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Associates) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

The Museum ceased offering membership to the PCSPS to new non-member employees on the 1 April 1994.

For 2012, employer's contributions of £171,000 were payable to the PCSPS (£195,000 - 2011) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2011 were between 16.7% and 24.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2012 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

#### Group Personal Pension Scheme

The Museum offers membership of a group money purchase scheme into which the employer contributes between 8.5% and 10% of pensionable salary. The employee contributes between 1.5% and 3% of pensionable salary.

Employers' contributions of £686,000 were paid in 2012 (£564,000 - 2011) into the Group Personal Pension schemes. These are defined contribution schemes.

#### Other Personal Pension Scheme

Contributions of £4,000 were paid in 2012 (£20,000 - 2011) to other private pension schemes on behalf of individuals.

The Museum also provides, centrally, an insurance based cover for death in service and ill health benefits.

Additional information on staff costs is provided in the Remuneration Report on page 31.

#### b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2011). Expenses reimbursed (for travel and subsistence) to five Trustees amounted to £732 (£29 - two Trustees 2011).

#### c) Grants Made

The Museum has made in 2011-12 the following grants in relation to Safeguarding and Enhancing the Value of Assets:

|   |     | Provided in<br>these<br>accounts<br>£000 | Committed<br>for 2012-13<br>but not<br>provided in<br>these<br>accounts<br>£000 |
|---|-----|--|---|
| The National Trust                      | i   | 37                                       | -   |
| National Maritime Museum Cornwall Trust | ii  | 200                                      | -   |
| Royal Museums Greenwich Foundation      | iii | 3,145                                    | -   |
|   |     | 3,382                                    | -   |

i. Contribution to the maintenance and preservation of the historic vessel Shamrock which is jointly owned by the National Maritime Museum and the National Trust.

ii. Contribution to the operational costs of the National Maritime Museum, Cornwall, which houses the Small Boats Collection and other assorted collection items owned by the National Maritime Museum, Greenwich.

ii. Contribution to the Royal Museums Greenwich Foundation in support of its charitable objectives.

#### 8 Governance

Governance costs represent the meeting of the Effective Organisation and Sound Financial Management objective and are made up of:

|                                | 2012<br>£'000 | 2011<br>£'000 |
|--------------------------------|---------------|---------------|
| External Audit                 | 37            | 38            |
| Internal Audit                 | 24            | 26            |
| Apportionment of Support Costs | 112           | 93            |
|                                | 173           | 157           |

The external audit fee of £37,000 (£38,000 - 2011) does not include any fees for non-audit work. No such work was undertaken.

The external audit fee is for the audit of the Museum only. External audit fees for the audits of NMME and the Trusts of £15,000 have been included within Activities for Generating Funds - Trading Costs.



## 9 Total Net Movement in Funds

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| Net movement in funds   | (667)         | 20,782        |
| Net movement in funds includes the following charges:                           |               |               |
| Auditors' remuneration - for Museum (within Governance Costs)                   | 37            | 38            |
| Auditors' remuneration - for NMME and Trusts (within Costs of Generating Funds) | 15            | 15            |
| Lease rental payments on land and buildings                                     | 332           | 309           |
| Lease rental payment - other  | 10            | 14            |
| Movement in provision for bad debts   | 3             | 1             |
| Loss on Disposal of Assets  | 5             | -             |
| Depreciation  | 3,798         | 2,610         |

## 10 Tangible Fixed Assets

|  | Freehold<br>Land and<br>Buildings | Fixtures &<br>Fittings | Plant &<br>Equipment | Computer &<br>Network<br>Equipment | Motor<br>Vehicles | Assets<br>under<br>Construction | Total   |
|--|-----------------------------------|------------------------|----------------------|------------------------------------|-------------------|---------------------------------|---------|
|  | £'000                             | £'000                  | £'000                | £'000                              | £'000             | £'000                           | £'000   |
| Cost or valuation:                     |                                   |                        |                      |                                    |                   |                                 |         |
| At 1 April 2011                        | 73,616                            | 11,644                 | 3,478                | 2,623                              | 110               | 31,404                          | 122,875 |
| Additions                              | 1,689                             | 3,705                  | 2,618                | 337                                | 34                | 493                             | 8,876   |
| Disposals                              | -                                 | (227)                  | (1,175)              | (76)                               | -                 | -                               | (1,478) |
| Transfers Between Asset Class          | 30,560                            | 669                    | 175                  | -                                  | -                 | (31,404)                        | -       |
| Revaluation loss                       | (6,612)                           | -                      | -                    | -                                  | -                 | -                               | (6,612) |
| At 31 March 2012                       | 99,253                            | 15,791                 | 5,096                | 2,884                              | 144               | 493                             | 123,661 |
| Accumulated depreciation:              |                                   |                        |                      |                                    |                   |                                 |         |
| At 1 April 2011                        | -                                 | 9,401                  | 3,003                | 2,201                              | 97                | -                               | 14,702  |
| Depreciation Charge for the year       | 2,118                             | 897                    | 566                  | 204                                | 13                | -                               | 3,798   |
| Disposals                              | -                                 | (226)                  | (1,175)              | (70)                               | -                 | -                               | (1,471) |
| Revaluation (loss)                     | (2,118)                           | -                      | -                    | -                                  | -                 | -                               | (2,118) |
| At 31 March 2012                       | -                                 | 10,072                 | 2,394                | 2,335                              | 110               | -                               | 14,911  |
| <b>Net Book Value at 31 March 2012</b> | 99,253                            | 5,719                  | 2,702                | 549                                | 34                | 493                             | 108,750 |
| Net Book Value at 31 March 2011        | 73,616                            | 2,243                  | 475                  | 422                                | 13                | 31,404                          | 108,173 |

The freehold title to the main Museum site at Greenwich was transferred from the Secretary of State for the Environment to the Museum Trustees in July 1989. The Museum was granted rights to occupy and use part of the site of the Royal Observatory, Greenwich in a Royal Warrant dated 1953. On 23 March 2004 a new Royal Warrant was signed which granted rights to occupy and use the entire site of the Royal Observatory, Greenwich.

The freehold properties comprising the National Maritime Museum Estate were valued as at 31 March 2012 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation Standards, Eighth Edition, March 2012 amendment and Financial Reporting Standard (FRS) 15 (UK GAAP). The valuation of the non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The revaluation of the Royal Observatory, Greenwich reflects the valuation of the entire site following the grant of the new Royal Warrant. The Brass Foundry and the Kidbrooke Stores have been revalued using the Existing Use Value basis applicable to non-specialised buildings.

All depreciable fixed assets are depreciated from the date of acquisition to the date of disposal or to the end of their useful economic life.

### Legal and Statutory Constraints

By the National Maritime Museum Acts 1934 and 1989, should the specialised buildings at Greenwich (not including the Royal Observatory, Greenwich) cease to be used for the purposes of the Museum, they shall be held in trust for the benefit of Greenwich Hospital. The Royal Warrant, by which the Royal Observatory, Greenwich is occupied, does not confer ownership rights to the property and so should the Royal Observatory Greenwich cease to be used for Museum purposes it would revert to the Crown. In consequence, the entire site and buildings at Greenwich have no realisable value to the Museum.

### Revaluation

A full valuation was carried out on the following assets for 2011-12

|  | Cost   | Revaluation |
|--|--------|-------------|
|  | £'000  | £'000       |
| Main site - Land and Buildings         | 81,719 | 81,120      |
| Royal Observatory - Land and Buildings | 14,158 | 15,560      |
| The Brass Foundry - Land and Buildings | 331    | 628         |
| Kidbrooke Stores - Land and Buildings  | 1,448  | 1,945       |
|  | 97,656 | 99,253      |

The closing revaluation figure is the sum of cost and the cumulative total of annual revaluations.

No revaluation has been undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

## 11 Capital Expenditure Commitments

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| Contracted for but not provided in the accounts | 530           | 6,761         |

The commitment relates to ongoing works for the development of two permanent galleries. There has been a significant reduction in contracted capital expenditure commitments. This is due to the completion of the Sammy Ofer Wing development project.

## **12 Heritage Assets**

Financial Reporting Standard (FRS) 30 – Heritage Assets became effective for accounting periods commencing on or after 1 April 2010.

This Standard requires that where information on cost or value is available, heritage assets should be reported in the balance sheet separately from other tangible assets. However where this information is not available, and cannot be obtained at a cost which is commensurate with the benefit to users of the financial statements, the assets will not be recognised in the balance sheet.

In the opinion of the Trustees, reliable information on cost or valuation of the entire collection held at 31 March 2012 is not available for the Museum's collections owing to lack of information on purchase cost, the lack of comparable market value, the diverse nature of the collections and the volume of items held. As the costs of carrying out such a valuation far exceeds the benefits to the users of the accounts, the collections pre March 2001, are not reported in the balance sheet.

### **The NMM Collections**

The Museum has the most important holdings in the world on the history of Britain at sea, including maritime art (both British and 17th-century Dutch), cartography, manuscripts including official public records, ship models and plans, scientific and navigational instruments, time-keeping and astronomy (based at the Observatory), and in many other categories.

Its British portraits collection is only exceeded in size by the National Portrait Gallery and its holdings related to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century.

Overall the total collection comprises some 3 million items. The following provides an approximation of the spread and extent of collections.

- 100,000 books
- 397,500 items in the Manuscripts Collection
- 90,000 sea charts
- 4000 oil paintings
- 70,000 prints and drawings
- 1 million Ship Plans
- Up to 1 million Historic Photographs
- 280,000 negatives
- 44,500 3D objects: Including small craft, ship models, coins and medals, decorative art, figureheads, relics, horological instruments, uniforms, weapons etc.

The Museum's collections are comprised of five subject areas and the 26 categories listed below which relate to its mission of 'illustrating the sea, ships, time and the stars and their relationship with people'.

### ***Subject Areas***

Arts and Culture; Science and Technology; Resource and Recreation; Commerce and Conflict; Maritime Greenwich.

### ***Collections***

Antiquities; Astronomical Instruments; Buildings; Ceramics and Glass; Charts, Maps and Atlases; Ethnography; Heraldry; Historic Photographs; Horological Instruments; Jewellery; Manuscripts; Medals; Miniatures; Navigational Instruments; Oceanography; Oil Paintings; Ordnance; Plate; Prints and Drawings; Printed Books and Periodicals; Relics; Sculpture; Ship Models; Ship Plans; Textiles; Weapons.

### **Structure for the Management and Care of the Collections**

The NMM has in place a comprehensive framework of policies and procedures for the management and care of its collections assets.

The primary requirements of managing the collections are undertaken by the two departments, Collections Management and Conservation and Preservation. This is supported by considerable liaison with the Curatorial, Archive and Library and Digital Media departments.

The day-to-day activities of these departments are shaped by the National Maritime Museum's statutory responsibilities, strategic priorities and Government initiatives that underpin these.

### **Collections Management Department**

The department is responsible for managing loans in and out of the Museum and transporting, installing and decanting collections on display.

The Department underpins the Museum's core remit to look after its collections and provide responsible stewardship, through acquisitions, documentation and audit programmes, management of Collections information, management of collections stores and collections security programmes.

The department also provides expertise in support of the Museum's key capital projects.

### ***Registration***

The Registration section is responsible for managing acquisition and loan activities across the Museum and for providing advice on legal and sectoral matters relating to the management of collections.

### ***Documentation and Audit***

The Documentation and Audit section is responsible for the inventory and audit activities across collections, leading on collection disposal, management of the collections databases, provision of documentation advice, guidelines and provision of documentation management and support for key Museum projects.

### ***Storage and Movement***

The Storage and Movement section is responsible for planning, scheduling and managing the movement of collections across sites and to other organisations and for installing exhibitions and displays across the Museum. It is also responsible for managing the Museum's offsite and on-site storage facilities and for the planning and implementation of stores projects.

### ***Conservation and Preservation Department***

The main purpose of the Conservation and Preservation Department is to care for the collections, ensure they are suitable for display and that they can be handled safely. Most of their work is related to reducing the risk of damage to objects, extending their life expectancy whilst ensuring they can be accessed and enjoyed.

### **Collections Management Manual**

The NMM maintains a Collections Management Manual in order to ensure continuity of practice and standardisation of procedure and policies, and ensure we have a centralised location for all policies and procedures relating to collections management and documentation.

### **Acquisition and Disposal Policy**

Acquisitions and disposals are made in accordance with the principles detailed in the NMM's Collections Development Policy which can be accessed via the link [www.rmg.co.uk/explore/collections/development/development-policy/](http://www.rmg.co.uk/explore/collections/development/development-policy/)

The NMM has rigorous acquisition and disposal processes in accordance with the legal and ethical framework required to meet recognised professional standards. Recommendations for acquisition are made by the Collections Development Committee to the Museum Director, and where appropriate, to the Board of Trustees, depending on the financial value, sensitivity or significance of the potential acquisition. Disposals follow the same process with the difference that all are considered by the Board of Trustees and all disposals other than duplicates require consent from the Secretary of State for Culture, Olympics, Media and Sport.

### **Documentation**

The NMM undertakes to catalogue Object, Archive and Library collections in accordance with National and International standards. These are outlined in the Museum's Collections Management Manual.

### **Collections Auditing**

The rolling NMM Collections Auditing Programme forms an important part of the Museum's ongoing risk management programme with results informing a range of other management strategies including knowledge management, security and staff training.

Staff undertake a physical inspection of objects against their locations and match these results to those on our Museum databases, and through this monitor the location controls in place within the Museum sites. This process also allows staff to check the basic catalogue information on these objects or add record photographs.

Audits are prioritised according to known risks and business needs.

### **Collections Care and Storage**

Storage Estate:

The NMM has a large and varied collections storage estate which includes a number of offsite facilities.

The operations of the stores are managed by the collections management team in collaboration with Conservation, Curatorial and Estates colleagues and through the quarterly, Stores Management meetings.

Overall estates strategy is directed through the Estates and Collections Rationalisation group of Senior Managers.

Prioritised Approach to Collections Care:

The NMM conducts a biannual collections store survey to identify and prioritise areas for improvement. This is coupled with weekly gallery inspections and one collection survey per year in a particular area. The data from these surveys informs strategies for collections care.

In addition to the three survey/inspection programmes outlined above the NMM has an active programme for identifying and monitoring vulnerable objects; many of these contain hazardous materials.

Provision of suitable building conditions:

The Museum's buildings provide adequate protection in terms of their condition and design to ensure the safe keeping of the collection.

The Museum's various buildings and grounds are managed by the in-house Estates Department. The annual planned maintenance programme is informed by the quadrennial condition survey carried out by independent Mechanical & Electrical Engineering (M&E) and Building & Civil Engineering (B&CE) consultants.

A four year maintenance plan is prepared and with this overview the next year's budget is determined. This allows annual flexibility which may be necessary due to changed priorities or a changed financial climate informed by a longer term strategy.

Day-to-day maintenance issues are dealt with on an ongoing basis to ensure the buildings do not fall into disrepair or require more major and costly intervention.

## **Loans**

### **Loans Out Policy**

Although the Museum is only able to display a small proportion of its collections at Greenwich at any one time, it is committed to making it accessible to the widest audience. Every year the NMM contributes high-quality objects to exhibitions and displays in Britain and abroad through its extensive loans programme. The Museum lends material to an increasing variety of borrowers such as museums and galleries, government and public buildings, corporate institutions.

Loan requests are assessed by the Registration Section. The factors that are taken into consideration are timeliness, internal use for requested objects, conflicting loan requests, condition of objects and suitability for travel, availability of resources to prepare the loan and how the loan improves access to the collection.

### **Financial Information on Acquisition of Heritage Assets since 1 April 2008**

| Cost or Valuation:              | 2008  | 2009  | 2010  | 2011  | 2012  |
|---------------------------------|-------|-------|-------|-------|-------|
|                                 | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 April                   | 3,207 | 3,951 | 4,172 | 4,588 | 4,862 |
| Collection Addition - Purchased | 107   | 109   | 125   | 31    | 164   |
| Collection Addition - Donated   | 637   | 112   | 291   | 243   | 3,901 |
| As at 31 March                  | 3,951 | 4,172 | 4,588 | 4,862 | 8,927 |

### 13 Investments

|                                      | Group        |              | Charity      |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | 2012         | 2011         | 2012         | 2011         |
| Quoted Investments                   | £'000        | £'000        | £'000        | £'000        |
| Market value at 1 April 2011         | 3,995        | 3,950        | 3,995        | 3,950        |
| Additions                            | 1,318        | 1,097        | 1,318        | 1,097        |
| Disposal Proceeds                    | (1,322)      | (1,097)      | (1,322)      | (1,097)      |
| Net Gain/(Loss) on revaluation       | (25)         | 45           | (25)         | 45           |
| <b>Market value at 31 March 2012</b> | <b>3,966</b> | <b>3,995</b> | <b>3,966</b> | <b>3,995</b> |
| Historical cost as at 31 March 2012  | 3,234        | 3,238        | 3,234        | 3,238        |
| <b>Unquoted Investments:</b>         |              |              |              |              |
| <b>Cost as at 31 March 2012</b>      | -            | -            | 500          | 500          |
| <b>Total Investments</b>             | <b>3,966</b> | <b>3,995</b> | <b>4,466</b> | <b>4,495</b> |

The unquoted investment is in the trading subsidiary, National Maritime Museum Enterprises Limited - a company registered in England and Wales. The authorised, issued share capital consists of 500,000 £1 ordinary shares of which the Museum owns 100%.

### 14 Financial Risk Management

FRS29, Financial Instruments, requires disclosure of the role which financial instruments have had during the year, in creating or changing the risks the Museum faces in undertaking its activities.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements and the Museum is therefore exposed to little credit, liquidity or market risk.

#### Financial Assets

|                                     | Total  | Floating<br>Financial<br>Assets | Fixed<br>Financial<br>Assets | Assets<br>Earning<br>Equity<br>Return | Weighted<br>Average<br>Fixed Int<br>Rate | Weighted<br>Average<br>Period for<br>Which Rate<br>Is Fixed |
|-------------------------------------|--------|---------------------------------|------------------------------|---------------------------------------|--|---|
|                                     | £000   | £000                            | £000                         | £000                                  |  |   |
| Year ended 31 March 2012 - Sterling | 17,484 | 3,925                           | 9,593                        | 3,966                                 | 1.6%                                     | 3 Months  |
| Year ended 31 March 2011 - Sterling | 15,120 | 3,273                           | 7,852                        | 3,995                                 | 1.1%                                     | 3 Months  |

The interest rate on floating financial assets is determined by the bank and market conditions.

#### Reconciliation to the Balance Sheet

|                              | 2012          | 2011          |
|------------------------------|---------------|---------------|
|                              | £'000         | £'000         |
| Cash                         | 3,925         | 3,273         |
| Investments (Current Assets) | 9,593         | 7,852         |
| Investments (Fixed Assets)   | 3,966         | 3,995         |
| <b>Total</b>                 | <b>17,484</b> | <b>15,120</b> |

#### Liquidity Risk

The National Maritime Museum receives the majority of its income by way of Grant in Aid and as a result there is little exposure to liquidity risk. This is managed through the reserves policies as established by the Trustees.

The Museum has sufficient unrestricted funds to cover its current liabilities.

#### Credit Risk

The Museum is exposed to credit risk of £120,000 of trade debtors. This risk is not considered significant as major customers are familiar to the Museum. Bad and doubtful debts are provided for on an individual basis. Write offs in the year for bad debts amounted to £561 (£7,000 - 2011).

Cash is held by the Museum's bankers. The Museum has not suffered any loss in relation to cash held by bankers.

#### Foreign Currency Risk

The National Maritime Museum has no exposure to foreign currency risk because no material transactions are carried out in foreign currencies.

#### Investment Income Risk

The National Maritime Museum has no borrowings and all cash deposits are for terms of up to four months.

## 15 Stock

Goods for resale

| Group |      | Charity |      |
|-------|------|---------|------|
| 2012  | 2011 | 2012    | 2011 |
| £000  | £000 | £000    | £000 |
| 349   | 337  | 30      | 49   |

## 16 Debtors: Amounts falling due within one year

Trade debtors  
Amount owed by subsidiary  
Prepayments  
Taxation (VAT)  
Accrued income  
Accrued income - Capital Project  
Other debtors

Total

Balances with Central Government Bodies  
Balances with local authorities

Balances with bodies external to government

Total

| Group |       | Charity |       |
|-------|-------|---------|-------|
| 2012  | 2011  | 2012    | 2011  |
| £'000 | £'000 | £'000   | £'000 |
| 161   | 83    | 120     | 55    |
| -     | -     | 390     | 429   |
| 369   | 469   | 364     | 436   |
| 448   | 1,102 | 448     | 1,083 |
| 370   | 93    | 325     | 75    |
| -     | 5,389 | -       | 5,389 |
| 52    | 50    | 51      | 48    |
| 1,400 | 7,186 | 1,698   | 7,515 |
| 448   | 1,691 | 448     | 1,083 |
| 5     | 148   | 5       | 148   |
| 453   | 1,839 | 453     | 1,231 |
| 947   | 5,347 | 1,245   | 6,284 |
| 1,400 | 7,186 | 1,698   | 7,515 |

## 17 Creditors: Amounts falling due within one year

Trade creditors  
Other creditors  
Taxation and social security  
Accruals and deferred income

Total

Balances with Central Government Bodies  
Balances with local authorities

Balances with bodies external to government

Total

| Group |       | Charity |       |
|-------|-------|---------|-------|
| 2012  | 2011  | 2012    | 2011  |
| £'000 | £'000 | £'000   | £'000 |
| 1,620 | 1,141 | 1,572   | 1,095 |
| 12    | 58    | 28      | 8     |
| 316   | 253   | 256     | 253   |
| 5,568 | 4,148 | 5,256   | 4,072 |
| 7,516 | 5,600 | 7,112   | 5,428 |
| 316   | 261   | 256     | 253   |
| -     | 9     | -       | 9     |
| 316   | 270   | 256     | 262   |
| 7,200 | 5,330 | 6,856   | 5,166 |
| 7,516 | 5,600 | 7,112   | 5,428 |

## 18 Operating Leases

As at 31 March 2012 the Museum had obligations under non-cancellable operating leases which expire as follows:

### Buildings

- Within one year  
- In the second to fifth year  
- After five years

Total

### Other

- Within one year  
- In the second to fifth year  
- After five years

Total

| Group |       | Charity |       |
|-------|-------|---------|-------|
| 2012  | 2011  | 2012    | 2011  |
| £'000 | £'000 | £'000   | £'000 |
| -     | -     | -       | -     |
| -     | -     | -       | -     |
| 363   | 349   | 363     | 349   |
| 363   | 349   | 363     | 349   |
| 20    | 5     | 20      | 5     |
| 31    | 14    | 31      | 14    |
| -     | -     | -       | -     |
| 51    | 19    | 51      | 19    |

## 19 Provisions for Liabilities and Charges

Early retirement - as described in the accounting policies

| Balance    |           |          | Balance     |
|------------|-----------|----------|-------------|
| 1 Apr 2011 | Additions | Payments | 31 Mar 2012 |
| £'000      | £'000     | £'000    | £'000       |
| 17         | -         | (17)     | -           |
| 17         | -         | (17)     | -           |

The Museum's obligation under provision for early retirement will expire as follows:

- Within one year  
- After one year

| Group |       | Charity |       |
|-------|-------|---------|-------|
| 2012  | 2011  | 2012    | 2011  |
| £'000 | £'000 | £'000   | £'000 |
| -     | 17    | -       | 17    |
| -     | -     | -       | -     |
| -     | 17    | -       | 17    |

Liabilities are independently assessed by Xafinity Paymaster Limited, the Museum's approved pension awarding body.

## 20 Restricted Funds

The income funds of the Museum comprise of specific purposes grants and donations which remain unexpended:

|  | Balance<br>1 Apr 2011 | Income       | Expenditure    | Gains/<br>(Losses) | Transfers     | Balance<br>31 Mar 2012 |
|--|-----------------------|--------------|----------------|--------------------|---------------|------------------------|
|  | £'000                 | £'000        | £'000          | £'000              | £'000         | £'000                  |
| Land and Buildings Fund                                    | 63,285                | -            | (2,118)        | -                  | 32,249        | 93,416                 |
| Revaluation Reserve  | 10,331                | -            | -              | (4,494)            | -             | 5,837                  |
| Sammy Ofer Wing Fund                                       | -                     | 4,154        | (73)           | -                  | (4,031)       | 50                     |
| Asian Seas Gallery Fund                                    | 46                    | -            | -              | -                  | (46)          | -                      |
| Voyagers Gallery Fund                                      | 313                   | -            | -              | -                  | (313)         | -                      |
| Special Purpose Funds                                      | -                     | 1,373        | (254)          | -                  | (1,119)       | -                      |
| Collections Capital Fund                                   | 4,862                 | 3,901        | -              | -                  | 164           | 8,927                  |
| National Historic Ships Unit Fund                          | -                     | 251          | (251)          | -                  | -             | -                      |
| No. 3 Trust Fund - Sackler Caird Fund                      | 24                    | -            | -              | -                  | -             | 24                     |
| No. 3 Trust Fund - Anderson Fund                           | 70                    | 2            | (1)            | -                  | -             | 71                     |
| No. 3 Trust Fund - Bosanquet Fund                          | 5                     | -            | -              | -                  | -             | 5                      |
| <b>Total Restricted Funds including Fair Value Reserve</b> | <b>78,936</b>         | <b>9,681</b> | <b>(2,697)</b> | <b>(4,494)</b>     | <b>26,904</b> | <b>108,330</b>         |

The above fund includes a balance of £6,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2012.

**The Land and Buildings Fund** represents the value of the land and buildings on transfer from the Secretary of State for the Environment to the Trustees of the Museum, the incorporation of the Royal Observatory, Greenwich partly in 1999 and fully in 2004, plus subsequent additions at cost, less depreciation for the year.

**The Revaluation Reserve** represents the difference between the original cost and valuation of the land and buildings at year end.

**The Sammy Ofer Wing Fund** represents funding received from the Sammy Ofer Foundation and the Heritage Lottery Fund specifically related to the development of the new wing.

**The Asian Seas Gallery Fund** represents the balance of grants received by the Museum for use in the development of the new permanent gallery.

**The Voyager Gallery Fund** represents the balance of grants received by the Museum for use in the development of the new permanent gallery.

**Special Purpose Funds** represents grants and donations received by the Museum for specific purposes.

**The Collections Capital Fund** represents assets either donated or purchased for the Museum's collection.

**The National Historic Ships Unit Fund** supports research, publications, training, recording and similar activities relating to the preservation of historic vessels.

**The Caird Trust** supports short term research fellows in areas directly related to the Museums collections or in particular related subjects.

**The Sackler Caird Fund** (part of the No.3 Trust Fund) was established to support a research fellowship in areas directly related to the Museums collections or in particular related subjects.

**The Anderson Fund** (part of the No.3 Trust Fund) supports a fellowship in naval and maritime history.

**The Bosanquet Fund** (part of the No.3 Trust Fund) provides funding for the purchase of library books.

### Description of main transfers between funds

The Land and Buildings Fund movement provides for a transfer from Work in Progress from the General Fund which has now been capitalised in the Land and Buildings revaluation.

The Sammy Ofer Wing fund movement provides for the transfer of expenditure from Work in Progress which has now been capitalised in the land & Building Fund.

The Asian Seas Gallery fund movement provides for the transfer from Work in Progress which has now been capitalised in the Tangible Assets Fund.

The Voyagers Gallery fund movement provides for the transfer from Work in Progress which has now been capitalised in the Tangible Assets Fund.

The Collections Capital Fund movement provides for the relocation of the purchase of Heritage Assets in the Tangible Assets Fund.

## 21 Unrestricted Funds

|                           | Balance<br>1 Apr 2011 | Income        | Expenditure     | Gains/<br>(Losses) | Transfers       | Balance<br>31 Mar 2012 |
|---------------------------|-----------------------|---------------|-----------------|--------------------|-----------------|------------------------|
|                           | £'000                 | £'000         | £'000           | £'000              | £'000           | £'000                  |
| Tangible Asset Fund       | 34,557                | -             | (1,688)         | -                  | (23,372)        | 9,497                  |
| Designated Capital        | -                     | 1,757         | -               | -                  | (1,757)         | -                      |
| Galleries Masterplan Fund | 3,500                 | -             | -               | -                  | (2,524)         | 976                    |
| Caird Fund                | 1,123                 | 14            | (43)            | (2)                | -               | 1,092                  |
| Development Fund          | 8,282                 | 113           | (2,643)         | (22)               | 116             | 5,846                  |
| No. 3 Trust Fund          | 501                   | 7             | (2)             | -                  | -               | 506                    |
| Trading Funds             | 59                    | 2,970         | (1,980)         | -                  | (990)           | 59                     |
| <b>Designated Funds</b>   | <b>48,022</b>         | <b>4,861</b>  | <b>(6,356)</b>  | <b>(24)</b>        | <b>(28,527)</b> | <b>17,976</b>          |
| <b>General Funds</b>      | <b>2,485</b>          | <b>17,737</b> | <b>(19,360)</b> | <b>-</b>           | <b>1,623</b>    | <b>2,485</b>           |
|                           | <b>50,507</b>         | <b>22,598</b> | <b>(25,716)</b> | <b>(24)</b>        | <b>(26,904)</b> | <b>20,461</b>          |

The above fund includes a balance of £677,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2012.

The **Tangible Asset Fund** represents the value of the fixed assets (excluding land and buildings) plus subsequent additions at cost.

**Designated Capital** represents funding received from the DCMS for capital expenditure.

The **Galleries Masterplan Fund** was established to support the Museum's permanent and temporary exhibitions programme.

The **Caird Fund** is available for use at the discretion of the Trustees for the purpose and benefit of the Museum.

The **Development Fund** is designated for development projects at the Museum.

The **No.3 Trust Fund** (except to the extent that funds are endowment or restricted) is for the purpose and benefit of the Museum at the discretion of the Trustees.

**Trading Funds** represent the value of reserves held in the Museums trading subsidiary.

#### Description of main transfers between funds

The Tangible Assets Fund movement mainly provides for a transfer from Work in Progress to the Restricted Land & Building fund for the Sammy Ofer Wing project. This transfer is due to the completion of the project.

The Designated Capital fund movement provides for the transfer of the capital Grant in Aid received which has been re-designated by the Trustees for use on the Sammy Ofer Wing project.

Transfers out of the Tangible Asset Fund represent expenditure from restricted funds on ongoing capital projects.

#### 22 Endowments

|                       | Balance<br>1 Apr 2011 | Income | Expenditure | Investment<br>Gains/(Losses) | Balance<br>31 Mar 2012 |
|-----------------------|-----------------------|--------|-------------|------------------------------|------------------------|
|                       | £'000                 | £'000  | £'000       | £'000                        | £'000                  |
| Permanent endowments: |                       |        |             |                              |                        |
| The Caird Fund        | 462                   | 6      | (22)        | (1)                          | 445                    |
| The Sackler Fund      | 156                   | 2      | -           | -                            | 158                    |
|                       | 618                   | 8      | (22)        | (1)                          | 603                    |

The above fund includes a balance of £49,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2012.

The **Caird Fund** is a capital sum the income of which is to be used for the purpose and benefit of the Museum.

The **Sackler Fund (part of the No.3 Trust Fund)** is a capital sum which is used to support a research fellowship in areas directly relating to the history of astronomy and navigational sciences.

#### 23 Analysis of Group Net Assets between Funds

|   | Unrestricted<br>Designated<br>Funds | Unrestricted<br>General<br>Funds | Restricted<br>Funds | Endowment<br>Funds | Total<br>2012 |
|---|-------------------------------------|----------------------------------|---------------------|--------------------|---------------|
|   | £'000                               | £'000                            | £'000               | £'000              | £'000         |
| <b>Fund balances at 31 March 2012 are represented by:</b> |                                     |                                  |                     |                    |               |
| Heritage Assets   | -                                   | -                                | 8,927               | -                  | 8,927         |
| Tangible Fixed assets                                     | 9,447                               | -                                | 99,303              | -                  | 108,750       |
| Investments   | 3,263                               | -                                | 100                 | 603                | 3,966         |
| Current assets  | 12,782                              | 2,485                            | -                   | -                  | 15,267        |
| Creditors: Amounts falling due within one year            | (7,516)                             | -                                | -                   | -                  | (7,516)       |
| <b>Group Net Assets</b>                                   | 17,976                              | 2,485                            | 108,330             | 603                | 129,394       |

Unrealised gains and losses detailed below have been included in the fund balances.

#### Reconciliation of movements

##### in unrealised gains on land and buildings:

|   | Unrestricted<br>Funds | Restricted<br>Funds | Endowment<br>Funds | Total<br>2012 |
|---|-----------------------|---------------------|--------------------|---------------|
|   | £'000                 | £'000               | £'000              | £'000         |
| Unrealised gains at 1 April 2011 (Restated) | -                     | 10,331              | -                  | 10,331        |
| Net gain arising on revaluation             | -                     | (4,494)             | -                  | (4,494)       |
| Unrealised gains at 31 March 2012           | -                     | 5,837               | -                  | 5,837         |

#### Reconciliation of movements

##### in unrealised gains on investments:

|                                   | Unrestricted<br>Funds | Restricted<br>Funds | Endowment<br>Funds | Total<br>2012 |
|-----------------------------------|-----------------------|---------------------|--------------------|---------------|
|                                   | £'000                 | £'000               | £'000              | £'000         |
| Unrealised gains at 1 April 2011  | 1,182                 | -                   | 76                 | 1,258         |
| Net gain arising on revaluations  | (24)                  | -                   | (1)                | (25)          |
| Unrealised gains at 31 March 2012 | 1,158                 | -                   | 75                 | 1,233         |

**24 Reconciliation of net incoming resources to net cash inflow from operating activities**

|   |                | <b>2012</b>   | <b>2011</b>   |
|---|----------------|---------------|---------------|
|   |                | <b>£'000</b>  | <b>£'000</b>  |
| Net incoming resources                    |                | 3,852         | 20,475        |
| Donated Objects                           | <b>Note 2</b>  | (3,901)       | (243)         |
| Depreciation charges                      | <b>Note 10</b> | 3,798         | 2,610         |
| Investment income                         | <b>Note 5</b>  | (189)         | (180)         |
| Increase in stock                         | <b>Note 15</b> | (12)          | 53            |
| Decrease in debtors                       | <b>Note 16</b> | 5,786         | (5,092)       |
| Increase in creditors                     | <b>Note 17</b> | 1,916         | 2,472         |
| Decrease in provisions                    | <b>Note 19</b> | (17)          | (17)          |
| Loss on Disposal of Fixed Assets          | <b>Note 10</b> | 7             | -             |
| Net cash inflow from operating activities |                | <u>11,240</u> | <u>20,078</u> |

**Reconciliation of increase in cash to movement in net funds**

|   |  | <b>2012</b>   | <b>2011</b>    |
|---|--|---------------|----------------|
|   |  | <b>£'000</b>  | <b>£'000</b>   |
| Increase in cash in the period                        |  | 652           | 653            |
| Increase/(Decrease) in liquid resources in the period |  | 1,741         | (2,319)        |
| Change in net funds resulting from cash flows         |  | <u>2,393</u>  | <u>(1,666)</u> |
| Net funds at 1 April 2011                             |  | 11,125        | 12,791         |
| Net funds at 31 March 2012                            |  | <u>13,518</u> | <u>11,125</u>  |

**Analysis of net funds**

|                                       | <b>At</b>         | <b>Cashflow</b> | <b>At</b>          |
|---------------------------------------|-------------------|-----------------|--------------------|
|                                       | <b>1 Apr 2011</b> |                 | <b>31 Mar 2012</b> |
|                                       | <b>£'000</b>      | <b>£'000</b>    | <b>£'000</b>       |
| Held at Commercial Banks              | 3,265             | 652             | 3,917              |
| Held at Government Bank Service       | 1                 | -               | 1                  |
| Cash in Hand                          | 7                 | -               | 7                  |
| Liquid resources - Short Term Deposit | 7,852             | 1,741           | 9,593              |
| Net funds                             | <u>11,125</u>     | <u>2,393</u>    | <u>13,518</u>      |

**25 Related party transactions**

The National Maritime Museum is a non-departmental public body whose parent department is the Department for Culture, Media and Sport.

**a) The Department for Culture, Media and Sport**

The Department for Culture, Media and Sport is regarded as a related party. During the year the Museum had a number of transactions in the normal course of business and at full arms length with the Department. There were no outstanding balances at the end of the year.

|                                  |               | <b>2012</b>   | <b>2011</b>   |
|----------------------------------|---------------|---------------|---------------|
|                                  |               | <b>£'000</b>  | <b>£'000</b>  |
| Grant in Aid received            |               | 15,501        | 15,176        |
| Capital Grant in Aid received    |               | 1,757         | 3,826         |
| Total Grant in Aid received      | <b>Note 2</b> | <u>17,258</u> | <u>19,002</u> |
| Understanding Slavery Initiative |               | -             | 157           |
| Total received from DCMS         |               | <u>17,258</u> | <u>19,159</u> |

**b) The Heritage Lottery Fund**

The National Maritime Museum received lottery grants of £755,000 for the Sammy Ofer Wing project from the Heritage Lottery Fund in the year (£2,958,000 - 2011). The HLF shares the same parent Department (DCMS) and is therefore a related party. There were no outstanding balances at the end of the year.

|  |               | <b>2012</b>  | <b>2011</b>  |
|--|---------------|--------------|--------------|
|  |               | <b>£'000</b> | <b>£'000</b> |
| Capital Grants received from the Heritage Lottery Fund | <b>Note 2</b> | <u>755</u>   | <u>2,958</u> |



**c) The Trustees, Staff and Other Related Parties**

During the year the National Maritime Museum has had various material transactions with other entities, as set out below:

| <b>Related Party</b>                                 | <b>Nature of Relationship</b>   | <b>Value of income received during the year<br/>£'000</b> | <b>Value of expenditure during the year<br/>£'000</b> | <b>Nature of transaction</b>    |
|--|---|---|---|---------------------------------|
| Lloyds Register Educational Trust                    | DG Moorhouse, Chairman of Trustees of the related party, served as a Trustee during the year          | 85  | -   | Donation                        |
| Cutty Sark Trust                                     | Lord Sterling, a Trustee for the related party, served as Chairman of Trustees during the year.       | 14  | -   | Expenditure recharges           |
| BBC  | C Lintott, freelancer for the related party, served as a Trustee during the year.                     | 4   | -   | Income from image use           |
| Chatham Historic Dockyard Trust                      | Sir R Crawford, a Trustee of the related party, served as a Trustee during the year                   | -   | 99  | Rental at No1 Smithery, Chatham |
| Clear Graphics                                       | M Lincoln, a family member has an interest in the related party, served as a Director during the year | -   | 46  | Signage and design costs        |
| Greenwich Foundation for the Old Royal Naval College | Sir R Crawford, Chairman of the related party, served as a Trustee during the year                    | -   | 10  | WHS costs                       |
| Museums Association                                  | K Fewster, a Member of the related party, served as Director during the year                          | -   | 5   | Conference and membership costs |
| British Library Development Board                    | Sir J Guinness, a Member of the related party, served as a Trustee during the year                    | -   | 2   | Inter library loan costs        |
| ICOM   | K Fewster, a Member of the related party, served as Director during the year                          | -   | 1   | Membership costs                |
|  |   | 103   | 163   |                                 |

There are no outstanding balances at the year end.

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £1,213 and expenditure of £100.

**26 Contingent Liabilities**

The Museum had no contingent liabilities at the year end.

**27 Post Balance Sheet Events**

These financial statements were authorised for issue, on the date given on the Audit Certificate, by the Accounting Officer and the Board of Trustees.

There are no other post balance sheet events to report.

**28 Control of the Consolidated Entities**

The consolidated charity accounts consist of the National Maritime Museum and the three Trust Funds. The consolidated group accounts of the National Maritime Museum also include the results of a trading subsidiary, National Maritime Museum Enterprises Limited (NMME). The Museum controls NMME through ownership of 100% of its issued share capital. Control of the Trust Funds arises from the Trust deeds which vest ownership of the assets, which are to be used for the benefit of the Museum, in the Trustees of the Funds. Monitoring of the performances of NMME and the Trusts is undertaken by the Trustees of the National Maritime Museum through quarterly Trustee, Board, and Finance Committee meetings. Day to day control is operated through the financial and management arrangements of the executive offices of the Museum. Accountability is to the Trustees of the Museum and to the Department for Culture, Media and Sport.







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