

National Maritime Museum Annual Report and Accounts 2012-2013

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013**

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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 2012–13 it welcomed over 1.9 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 2012–13, it had an annual income of some £27.5 million and a staff of 479 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's 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 (built 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 new 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 the responsibility for the operational management of the ship, under a Service Level Agreement with the owner of the ship - the Cutty Sark Trust. The ship also falls within the Royal Museums Greenwich brand.

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

Royal Museums Greenwich has an increasing international reach and a growing sense of local ownership.

On 7 March 2013 a statue of Yuri Gagarin, the first man to go into space, was unveiled by his daughter, Elena, at the Royal Observatory in the presence of the Russian Ambassador. I wish to thank the British Council and Roscosmos – the Russian Space Agency – for facilitating the relocation of the statue to Greenwich, where its installation has been generously supported by Aeroflot, the Russian Railways and Sovcomflot. This will give us strong future links with the Russian Space Agency.

The statue stands just a few metres from the line marking the Prime Meridian, where the world's eastern and western hemispheres meet. For centuries, Greenwich has been the starting point for maritime voyages of discovery, aided by the celestial observations made through the telescopes at the Royal Observatory. Yuri Gagarin's statue is a fitting addition to a site celebrating the great explorers and adventurers of the past and, most importantly, is an inspiration to those of the future.

On 28 May 2013, we were privileged that our Patron, HRH The Duke of Edinburgh, was the guest of honour at an afternoon tea party we arranged on board *Cutty Sark* for 400 guests to mark his sixty-year association with the *Cutty Sark*, and an even longer one with the National Maritime Museum and the Royal Borough of Greenwich. Through the good offices of the Royal Borough, many of our local community groups were represented, including the Greenwich and Lewisham Young People's Theatre, the Greenwich Sikh Community, the Greenwich Islamic Centre, the Sea Cadets and Army Cadets, the Greenwich Filipino Community, the Greenwich Gurkha Ex-Servicemen's Association, the Chinese Women's Group, the Greenwich Young People's Council, and our own Youth Advisory Group.

One of the most important of our aims is to foster a sense of sharing, a feeling that 'this is our ship, our museum and our park' with our local friends and neighbours. This delightful afternoon not only brought those who attended together but also revealed the way this museum in particular can be active in bringing together an ever-wider range of local people to enjoy the culture and heritage which we work so hard to safeguard for all.

The economic and financial times are now challenging, and taking account of the now known further cuts in Grant-in-Aid, we are increasingly responsible for our own funding needs. Having said that, there is much to look forward to.

In particular, *Turner and the Sea*, which opens in November 2013, is the first full-scale examination of Turner's lifelong preoccupation with the sea. This major exhibition will re-evaluate its compelling appeal to Turner and his contemporaries, and reconsider his extraordinary ability to represent its many powerful aspects: dramatic, contemplative, beautiful and sublime. This will be the fourth special exhibition in the still quite new Sammy Ofer Wing. These exhibitions are the outcome of a huge amount of work by all those here, from cataloguing and academic research (the foundation of all museum activity) to exhibitions project management and the operation of state-of-the art ticketing systems. Exhibitions such as these, and the massive amount of work we are doing to make the collections accessible via the Web, are also great manifestations of our fundamental purpose; to stimulate curiosity in all our users, the trigger for discovery and learning.

There is a sense of Yuri Gagarin in us all. To explore, to be the first, to go further than thought possible – and to take calculated risks – is what makes us vital and creative. These last few years have been an extraordinary period in the history of Greenwich and I have been privileged to play a part in shaping them.

The Trustees and I wish to thank all those involved in this on-going journey of exploration.

Lord Sterling, Chairman of the Board of Trustees

24 June 2013

2. DIRECTOR'S STATEMENT

The Museum performed very strongly in 2012-13. Total visits were 1,943,054, 4% higher than the previous year and the fourth highest in the Museum's history. The maritime galleries received 1,179,754 visitors, a 24% increase on last year's record attendance number. The Peter Harrison Planetarium welcomed a record 173,793 visitors (19% higher than 2011-12) despite being closed for nearly two months over the Olympics. *Cutty Sark* itself received 321,102 visitors, 27% ahead of target and double the numbers it was achieving before its major conservation project. Membership numbers doubled during the year to a record 4,480 memberships (totalling over 8,500 members) with families now being the dominant segment of our membership demographic.

This performance is all the more impressive when you consider that the main event in Greenwich in the summer of 2012 was the Olympics. Viewed overall, the 21 days of the Torch Relay, Olympic and Paralympic events in Greenwich Park were a great success. The backdrop of the Queen's House, the Maritime Galleries, the Old Royal Naval College and Canary Wharf provided some of the most memorable images of the London Olympics broadcast around the world. Greenwich Park was declared the 'best Olympic venue' by many in the media, including *The Times* and *The Daily Telegraph*. LOCOG and IOC officials were unanimous in their praise of the Museum's facilities and the support they received from Museum staff. My thanks to everyone who has been involved in overseeing LOCOG's usage of the site, in particular the Visitor Assistants, Cleaners, Security, Estates and Conservation teams.

Highlights from the year and from right across Royal Museums Greenwich have included:

Our *Ansel Adams* exhibition proving to be one of the most successful in the Museum's history, receiving 119,364 visitors and generating £504k admissions revenue and retail gross profit of £118k. Associated public programmes, especially 'Lates' on Thursday evenings, were also very successful.

The exhibition loan of Nelson's Trafalgar uniform to the musée d'Armée for its exhibition, *Napoléon et l'Europe*, at the Hôtel national des Invalides, Paris, March – July 2013. It is the first time that the coat has been lent for display outside Britain. As well as boosting our profile in France, it is hoped that the loan will help generate media awareness of our forthcoming new permanent *Nelson Navy Nation* gallery, due to open in October 2013.

Despite extensive marketing, excellent media reviews and overwhelmingly positive visitor comments, attendances to the *Royal River* exhibition were disappointing. 58,092 people saw the exhibition (60% of projection), with admission revenues reaching £304k (49% of target). Shop revenues were also below expectations, but in line with admissions revenue. Visitor research suggested that price was not seen as a barrier but factors which contributed to the disappointing result might include the competition for visitor time with the Olympics and the re-opening of *Cutty Sark* – which has itself been named Best New Tourism Project by the UK Travel Writers Guild. Nevertheless, after a hiatus of several years, *Royal River* has re-established our reputation as a venue for high quality exhibitions and bundled ticketing with *Cutty Sark* and ROG has proven very successful.

Astronomy Photographer of the Year opened on 19 September 2012. The exhibition has again attracted very high media coverage and *Broadsides – Caricature and the Navy 1756 – 1815* opened in the NMM micro gallery on 19 October.

The UNESCO Youth Summit, part of the Olympics Cultural Festival, provided a focus for our work with young people. The Maritime Greenwich World Heritage Site Learning Group organised a 3-day youth summit focussed around heritage issues on 27-29 June. 140 students and leaders from across all of Britain's world heritage sites attended.

On 22 June 2012, the lawns in front of the Queen's House were again the venue for the opening event at the Greenwich and Docklands International Festival. It attracted the largest ever crowd for the event of around 5,000 people.

The important public interest in family history was boosted by the Museum's collection of masters and mates certificates going live on the Ancestry.com website in September 2012. In its first four months, the certificates had recorded 918,625 image and/or text views. Usage of our library has doubled since re-opening after the Olympics.

It is always salutary to look back over the preceding 12 months and remind oneself of just how much such a comparatively small staff and volunteer force can deliver for the benefit of our public and stakeholders. It gives me great pleasure to record my thanks to all my colleagues and our many supporters, Patrons, Members for their hard work and commitment and the Department for Culture, Media and Sport for its continued support in a year full of achievement for the Museum.

Kevin Fewster, AM, Director

24 June 2013

3. REVIEW OF ACTIVITIES, ACHIEVEMENTS & PERFORMANCE, 2012–13

The following section is a brief review of the activities and achievements of 2012–13 (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:

Ansel Adams: Photography from the Mountains to the Sea (9 Nov 2012 to 28 Apr 2013)

Ansel Adams (1902–1984) is arguably the most popular and influential photographer in American history. This spectacular exhibition explored Adams's unique approach to photography by featuring – for the first time – pictures of water in all its forms. Fluid, ephemeral, and unpredictable, water was the ideal subject for photographic experimentation. Adams returned to water again and again, capturing seascapes, rapids, waterfalls, geysers, clouds, ice and snow, placid ponds and raging rivers, producing some of the most striking images of his career. The exhibition proved very popular with visitors, attracting over 119,000 visits during its run.

Broadsides! Caricature and the Navy 1756–1815 (19 Oct 2012 to 30 Apr 2013)

This exhibition explored the history of the Royal Navy during the late 18th and early 19th centuries through the lens of caricature. This was a period of intense naval activity encompassing the Seven Years War, the American War of Independence, and the wars against revolutionary and Napoleonic France. It also witnessed the emergence of a new and popular form of graphic satire, as caricature developed into a highly sophisticated art form, typically representing contemporary political and naval events with an acerbic wit and a journalistic concern for current affairs.

Alice Kettle: The Garden of England (14 Mar to 18 Aug 2013)

Showcased in the Queen's House, *The Garden of England* is a series of three new works by major British textile artist Alice Kettle. Drawing on the Museum's portrait collection, *The Garden of England* looks at the queens and courtiers involved with the Queen's House, and its original setting as a garden retreat. The exhibition captures the richness and flamboyance of the Stuart court and is the inaugural project of the Museum's contemporary arts programme.

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

Created to mark Her Majesty The Queen's Diamond Jubilee, and guest-curated by historian David Starkey, *Royal River* presented 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 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 to 30 Sept 2012)

This special display marked the centenary of the sinking of the passenger liner *Titanic* in 1912. The display focused 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 showed for the first time a selection of items from the Lord-MacQuitty *Titanic* collection. It also linked survivors' accounts to extracts from the film *A Night to Remember*.

Arctic Convoys (19 Oct 2011 to Dec 2014)

This display examined 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 used 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.

Measuring the Universe (1 Mar to 2 Sept 2012)

In June 2012, stargazers flocked 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 told the stories of the people who have measured the cosmos.

Astronomy Photographer of the Year 2012 (21 Sept 2012 to 17 Feb 2013)

This annual competition is arranged in collaboration with our media partner the BBC magazine *Sky at Night* and is the culmination of an astrophotography competition run by the Museum throughout the year. In its fourth year, the exhibition displayed at the Royal Observatory Greenwich attracted a wide range of media attention and received almost 900 entries, the highest number to date. Especially pleasing was the young photographer category, which received twice as many entries as the 2011 competition. The competition has become a fixture on stargazers' agendas across the globe.

The Astronomy Photographer of the Year 2013 competition was launched by the Museum on 17 January 2013.

Alien Revolution (1 Mar to 8 Sept 2013)

From the writings of 16th-century astronomer Copernicus to modern day scientists still searching for life amongst the stars, this exhibition takes a whistle-stop tour of our on-going fascination with alien life, including children's favourite outer-space creature, E.T.; the intrepid Mars Curiosity rover on its solitary mission, and American couple Betty and Barney Hill who claimed to have been abducted by aliens in 1961.

With scientific and fantastical images which capture the imagination, *Alien Revolution* explores our obsession with other worlds, from luminous paintings of whimsical bat-men and ethereal Moon maidens in the 19th century to the violent depiction of invading Martians in stories of hostile aliens by H.G. Wells, to the first appearances of mysterious and complex crop-circles in 1970s England.

Permanent Galleries:

The Great Map (opened Mar 2013)

The Great Map brings the Museum's largest open space to life with a huge interactive world map that visitors can use to discover more about some of the most famous, infamous and exciting events in Britain's maritime history. Visitors can walk across the map's surface, use a touch-screen tablet to find out more about seafaring stories; and understand from live data the currents and winds that drive vessels and people across the world's oceans and seas. *The Great Map* provides a new space at the centre of the Museum where people can gather together, delve deeper into the Museum's collections, and join in with events and celebrations. This multi-sensory, digital experience is especially suitable for families.

The Great Map experience opened to the public in late March 2013, with the accompanying tablet experience due to be put through a final phase of testing in May-June 2013.

Royal Observatory, Greenwich:

Flamsteed House (opened Feb 2013)

The entrance gallery to Flamsteed House was re-displayed in late February 2013 and serves as an introduction to the Astronomers Royal and the apartments.

Wednesday 10 October 2012 saw the unveiling of the newly restored (thanks to the British Sundial Society) Meridies Media noon mark mean time sundial, designed in 1967 by Dr Tadeusz Przytkowski.

Transit Season at ROG

To mark the Transit of Venus on 5–6 June 2012, the ROG hosted a season of themed events and activities including a microgallery exhibition, *Measuring the Universe*, and a special video artwork, *Coral: Rekindling Venus*, to be screened in the planetarium. A comprehensive Transit of Venus 2012 webpage was created for the Museum's website with information about the ROG's historic involvement, tips on observing the Transit on the morning of 6 June 2012, and a list of associated events at the ROG and links to other useful websites.

On 6 June 2012 the Flamsteed Astronomical Society organised an early morning observing session on Blackheath Common to observe the 2012 Transit of Venus. Despite gathering at 4am, this attracted around 100 people who successfully glimpsed the Transit through clouds, leading to coverage by Channel 4 News.

'Science Fiction?' at Greenwich Picturehouse:

A third season of this monthly collaboration between the ROG and Greenwich Picturehouse took place between July and December 2012. The films shown in this second season were *Forbidden Planet*, *Shadowmakers*, *Aliens*, *Soylent Green* and *The Fifth Element*. Members of the ROG science learning team spoke about the science behind the films after each screening.

Excellence in Science Initiative (ESI)

The first phase of the 3-year ESI, funded by the Lloyd's Register Educational Trust (LRET), was completed on 31 March 2013. A second 5-year phase of the ESI, funded by the Lloyd's Register Foundation (previously LRET), commenced on the 1 April 2013 and the Museum is very grateful to the Foundation for its support.

ROG formal and informal learning

The ROG participated in the *Explore Your Universe* project along with nine other science centres across the UK. Managed by the Association of Science and Discovery Centres (ASDC) and funded by the Science and Technologies Facilities Council (STFC), this project has provided valuable equipment such as large meteorite samples and sophisticated infrared cameras to support the development of the ROG's formal learning offer.

Peter Harrison Planetarium shows

In 2012 the Peter Harrison Planetarium saw the first in-house pre-recorded show, *Universe Exposed*, developed by the Museum. The show used images from the Museum's latest *Astronomy Photographer of the Year* competition and by the end of the financial year the show had generated nearly 15,000 ticket sales, generating income three times that of the cost of production.

Stargazing Live event, 8-10 January 2013

As part of the BBC's Stargazing Live programme, the Royal Observatory Greenwich and National Maritime Museum sites hosted a variety of free astronomy workshops and activities. The event was co-curated by the BBC Stargazing Live team and the

Royal Observatory Greenwich's Astronomy team, and in total saw over 700 people attend.

Digital Media:

In April 2013 the Museum implemented a new-look homepage for its website, www.rmg.co.uk. It is a much more versatile and visually appealing approach than the previous version, and serves several important functions:

- It offers an attractive visual representation of the four venues and what they stand for and offer
- It provides much more up-front promotional space for events and exhibitions
- It clearly communicates key visitor information for each Museum venue
- It brings key commercial and marketing elements to the fore, making it easier for visitors to buy tickets and Membership and to sign up for the Museum's newsletter
- It allows the Museum to respond quickly to new initiatives and features.

NMM learning and public programmes:

The 'Sea and Me' volunteer project

The Museum has recruited and trained a team of volunteers to engage the public with personal maritime experiences. Since May 2012 this fantastic group of volunteers has been situated in various galleries around the Museum using personal documents, photographs and letters to share their connection with the sea. Fishermen, dockers, tugboat men and Royal Navy personnel have all been involved and the public have been delighted with the stories on offer.

Museum Club

The Museum launched this new initiative in September 2012 as part of its on-going strategic aim to engage all schools in Greenwich and to create dialogue between the Museum and its audiences. This after-school club provides the opportunity for the Museum to work in a qualitative way with our most local primary schools. Creative projects so far include children working with an animator for 10 weeks and children working with an artist to explore mapping in all its forms, with their maps proudly displayed in the Museum from Easter 2013 until July 2013.

UNESCO 2012 Youth Summit (27 to 29 June 2012)

In June 2012 80 young people and 50 adults gathered at the Maritime Greenwich World Heritage Site for the UNESCO 2012 Youth Summit. The event spanned three days and gave the delegates the opportunity to explore the importance of UK World Heritage Sites at a local, regional and national level and how important these Sites are to their own sense of identity.

Chinese New Year celebrations (18 to 23 Feb 2013)

To celebrate Chinese New Year in 2013 the Museum celebrated British maritime connections with China, placing the Museum within national celebrations for Chinese New Year. The Museum's collection was used to illustrate the journey of a cultural festival from another part of the world to Britain, via maritime trade and migration. The programme included a New Year banner making activity in the Sammy Ofer Wing foyer to give a suitably festive welcome to the Museum, as well as a Chinese sailing boat making activity for participants to find out about Chinese junks in the collection.

Youth Participation

The Youth Advisors started a new project which will run through to October 2013, learning about African textiles, inspired by Yinka Shonibare's *Nelson's Ship in a Bottle*. They will be working with artist Rose Sinclair, to develop their own textiles, as

well as working with Museum staff to learn more about our collection and connections to trade, textiles and diaspora. The project is called 'Threads' and the Youth Advisors will gain a Silver Arts Award for their participation in it.

Adult Learning

2012 marked the bicentenary of the publication of Jane Austen's *Pride and Prejudice*. The Maritime Lecture Series started in March on Jane Austen and her links with the navy. Attendance some weeks reached over 70 participants. The Mother's Day event of afternoon tea in the Queen's House, tour of the building and screening of the film *Pride and Prejudice* sold out on 10 March.

Ansel Adams events season

The Museum held a five-month events season based on the popular *Ansel Adams* exhibition. These events culminated in April 2012 and engaged nearly 2,500 people across 36 different events, 45 gallery tours, a photography competition and a curatorial residency with Goldsmiths University.

Reflecting the broad appeal of the exhibition, the season was designed for multiple learning styles and succeeded in attracting many first-time visitors. The events included wine tastings, photography courses, meditation classes, lectures, live music performances, boat rides and a community river clean-up. The most popular event was 'A Son's Perspective' – an evening lecture by Ansel Adams' son Michael.

Teacher training

The Museum is developing a strong reputation as a centre for professional development for teachers. The Formal Learning team offers a wide range of training opportunities for all phases. These range from developing teachers' skills in facilitating high quality learning outside the classroom, to supporting best practice in teaching and learning about the many curriculum-linked themes contained within the collections, including sensitive histories such as transatlantic slavery. In 2012-13 the Museum facilitated training for 498 teachers including a special event for all Newly Qualified Teachers beginning their careers in the Borough of Greenwich.

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, including the *Cutty Sark*; local and World Heritage Site (WHS) matters and tourism.

Stakeholder recognition through awards:

In 2012-13 the Museum was nominated for several awards, including:

- London Planning Awards: Commendation for Best Built Project (Sammy Ofer Wing)
- London RIBA Regional Awards – Sammy Ofer Wing
- New London Awards – Sammy Ofer Wing commended in the culture and community category
- Surface Design Awards – Public Building Category – Softroom, Sammy Ofer Wing shortlisted finalists
- Painting and Decorating Association Premier Trophy, Commercial Category (Highly Commended) – external restoration and redecoration of the Queen's House

Other activity:

London 2012

The Greenwich Park Venue was a major success, and during the 11 days of Olympics and 6 days of Paralympics welcomed over 470,000 spectators. The coverage delivered some of the most iconic images of the games, and provided the backdrop to the most successful performance ever for the GB Equestrian Team. All of the functional areas in use within the Museum's estate operated well with LOCOG's functional teams receiving extremely positive feedback from their various client groups. The Venue was voted the best of London 2012.

Cutty Sark

In April 2012 the Museum was delighted to confirm that it had 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. Some of the Cutty's Sark's key activities in 2012–13 were:

- Awarded Full Accredited Museum status by Arts Council England
- Cutty Sark named best new tourism project in the UK at the 2012 British Guild of Travel Writers Awards
- Won bronze in the Visit England Awards for Excellence
- Cutty Sark became an approved participant of the VAQAS scheme
- Shortlisted for the National Lottery Awards in the heritage category, a shortlist of seven from over 900 applicants
- Shortlisted for RIBA London Awards and Structural Steel
- Launched a full programme of formal and informal learning activities with 17,484 people participating in learning programmes over the period.
- Inaugural dinner in Sammy Ofer Gallery attended by HRH Prince Philip, launching Cutty Sark as venue for hire/ events
- Hosted HCBS's Ancestry Event with over 120 guests with direct links to men who built or sailed Cutty Sark

National Maritime Museum Cornwall

The National Maritime Museum Cornwall (NMMC) is an independent, registered charity which the National Maritime Museum does not control. Its website www.nmmc.co.uk gives an indication of its varied and interesting programme.

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.

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. 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.

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 made its first annual report to the Museum's Trustee Board in September 2012.

Volunteer programme

Significant growth continues in the volunteer team. Numbers are steadily increasing and now stand at nearly 500 with 196 of these being e-volunteers working on the 1915 merchant navy crew lists transcription project. This is a new venture for the Museum as these e-volunteers do all their volunteering through the internet with no need to leave their homes. As a result the Museum now has volunteers living in Australia, New Zealand and Canada.

Visitor Experience

Traditionally the Museum sites operated a strict last admissions policy with visitors to the National Maritime Museum being turned away half an hour before closing time. With the end of the Olympic period, as a trial, the last admissions times for the National Maritime Museum were removed and visitors allowed access up until the closing time of the museum. This resulted in a significant rise to the recorded visitor numbers and, as a result, has been extended to include the Queen's House and Royal Observatory Greenwich.

December 2012 saw the introduction of a new scheme titled 'Conservation in Action'. Aimed at providing visitors with an insight into the behind-the-scenes work of the Museum's conservation department, the programme proved to be very popular with visitors.

Membership

The Museum is very grateful for the support it receives through its Membership programme. Membership numbers continue to increase, with Membership more than doubling during 2012-13 following the addition of free admission to the *Cutty Sark* and the temporary exhibitions *Royal River* and *Ansel Adams* to the benefits package. Memberships to the end of March 2013 stood at 4,480 (a total of 8,546 Members), compared to 2,144 on 1 April 2012. *Cutty Sark* has added considerable value to the RMG membership scheme, to date accounting for approximately one third of all new memberships sold.

Human Resources

HMRC's Real Time Information (RTI) implementation date for the Museum was 6 April 2013. This was successfully completed and the Museum submitted its Employer Alignment Submission (EAS).

The Museum has signed up to the London Wellbeing Charter, a joint initiative with the local NHS which aims to raise awareness and improve health and wellbeing in a range of areas to both organisations' and staff/volunteer benefit. A series of themed events will take place around the Museum in ensuing months.

The Museum has hosted the RNIB training *Shifting Perspectives* for its staff, a bespoke course for Museums around accessibility for visually impaired visitors. A specific session was held for the Museum's Executive, and feedback for this training has been very positive across the Museum's staff. This continues the Museum's

proactive approach to equality following the training delivered by Action on Hearing Loss last year.

In late 2012 the Museum was successfully re-accredited through the Investors in People scheme. Investors in People is a national standard for good practice in the training and development of people to meet business goals. The Museum achieved the Investors in People standard in October 2001 and has been re-accredited with the standard in 2003, 2006, 2009 and 2012.

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. The approach taken by Prospect in 2013 pay round was helpful and very practical, acknowledging the reality of Government constraints under which we operate. The Pay Remit was completed on time, submitted and approved by DCMS. The formal pay offer consequently was made to the Unions and accepted within two days.

Security

Significant additional security resources were on site during the period to reduce security risks associated with the London2012 venue. The site was largely surrounded by an additional security perimeter (hostile vehicle mitigation, security fence line, CCTV, etc.) with the armed forces and G4S security personnel providing additional guarding. Whilst in 'lock down' mode all visitors and staff were submitted to airport style security checks and accreditation was required for both staff and vehicles.

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

Acquisitions

The Museum purchased the watercolour on paper *Shipping off the coast of Dieppe* by Richard Parkes Bonington for £82,100. The work is a rare and exceptionally good example of a watercolour by an artist widely regarded as second only to Turner in the art of the sea during the nineteenth century. During a short and productive career, Bonington established a powerful and influential link between British and French traditions of marine painters. Much influenced by Turner, he went on to inspire a number of leading French painters of the nineteenth century.

The Museum also purchased a globe depicting Mars, *Globe géographique de la planète Mars d'après*, made by the astronomer Camille Flammarion in Paris, c.1897. This is a rare and attractive globe of Mars showing what was thought to be a complex system of artificial canals, a notion that had gained widespread currency in the 1870s – 1900s. This globe represents not only what Flammarion (a leading French astronomer and founder of the French astronomical society) recorded from his observations of the surface of Mars but also his beliefs about the habitability of the planet, leading to his conviction that the inhabitants of Mars had attempted to contact Earth. The item was purchased for just over £31,500.

The picture *Smugglers Alarmed by an Unexpected Change from Hazy Weathers, while Landing their Cargo* by Augustus Wall Calcott was purchased by the Museum for £57,000. This little known picture has strong claims to be one of Calcott's most splendid and dramatic works. It was exhibited in 1822, and in terms of scale and significance can be compared with Constable's series of 'six footers', establishing a benchmark for artists such as Turner and Bonington and the subsequent tradition of

English maritime painting. Conservators have undertaken treatment to prepare this very large oil painting on canvas and its frame, for display in the Queen's House.

Conservation: Queen's Presence Chamber painted ceiling

In March 2013 the Museum began the conservation of the painted ceiling in the Queen's Presence Chamber of the Queen's House, supported by a grant from the Foyle Foundation. The Queen's Bed Chamber contains one of the most important schemes of early 17th-century wall paintings. It is painted onto a dry plaster surface, probably with oil bound pigments. Examination revealed large areas of 'blind' flaking where the paint layer is barely attached to the plaster support. There are also raised and actively flaking areas which require immediate treatment. The Museum has now started the cleaning and retouching part of the project, with work due to be completed in July 2013.

Conservation: van de Velde drawings

In 2011, the Museum successfully applied for a two-year grant from the Esmée Fairbairn Foundation to carry out conservation research on the Museum's van de Velde drawings. The project focuses on improving the preservation aspects of this valuable collection of works of art on paper, the largest of the artists in the world, as well as performing conservation treatment in order to make the items displayable and available for researchers.

This project has an important research component, which has provided the Museum with the opportunity to widen its knowledge on the artists' materials, techniques and studio practices. The structure of paper supports with watermarks, as well as materials widely used by the van de Veldes, such as graphite and inks, are recorded systematically with the help of visual, infrared and ultraviolet photography. This material provides information on how to best safeguard and display the artworks and can help the Museum date the drawings, relate them to van de Velde paintings and understand the art of 17th-century marine draughtsmanship.

In September 2013, the project will culminate with a van de Velde exhibition in the Queen's House and an international seminar where we will share and compare our findings with experts in the conservation and art history field.

Loan of Nelson's uniform to Musée de l'Armée, Paris

In March 2013 the Museum loaned Vice-Admiral Horatio Nelson's uniform to the Musée de l'Armée in Paris. The undress uniform, which the celebrated naval commander was wearing when he was fatally wounded on the deck of HMS Victory at the Battle of Trafalgar in 1805, was one of the key objects in the *Napoleon et l'Europe* exhibition (27 March – 14 July 2013). This was the first time the uniform had left Britain since it was brought back from the famous battle along with Nelson's body in 1805.

Archive & Library

In partnership with The National Archives, transcripts of all 61,000 pages of NMM crew lists from 1915 are currently being completed by volunteers. The lists have been digitised, meaning that the work can be done at home and we have 226 active volunteers from as far afield as Australia, New Zealand, Italy and France. The project is part of the Museum's plans to commemorate the anniversary of the First World War and the transcripts will be made available to the public in August 2014.

In September 2012 Ancestry.com launched the digitized collection of the Museum's 168,000 Masters Certificates. Since then over 1 million certificates have been viewed through Ancestry's website.

Following the main move of manuscript and printed collections to the new Sammy Ofer Wing, a further rehousing project was completed during the Olympic closure period. Over 2,000 boxes of archive material including the remaining crew agreements, engineers and skippers certificates were moved into the Archive.

A Thursday night adult learning programme was scheduled and delivered in conjunction with the Learning & Interpretation Department and included 'Commander' with novelist Stephen Taylor (27 September 2012), Trafalgar Day activities (21 October 2012), 'Introduction to researching family history' (25 October 2012), and 'The Birth of the *Cutty Sark*: Archival Treasures in the Royal Museums Greenwich Collections' (22 November 2012).

Known Consignor status

Known Consignor status allows an organization to prepare cargo for transport by air. This status is important as it allows the Museum to ship loans and touring exhibitions both domestically and internationally. To achieve this status the Museum was inspected and approved by the Department for Transport. Known Consignor status was granted at the end of April 2012 and was immediately put into effect for the decant and shipping of the *Ansel Adams* exhibition back to the USA.

Research fellowships, 2012–2013:

Sackler-Caird Research Fellowship

Dr Jessica Ratcliffe, Yale NUS College, *Archiving the Globe: science, empire and the Admiralty in the nineteenth century* (Nov 2012–Oct 2014)

Caird Senior Research Fellowships

Anyaa Anim-Addo, Royal Holloway, University of London, *The Royal Mail Steam Packet Company: empire, race and gender in the nineteenth-century Atlantic world* (Oct 2011–Sept 2012)

Sophie Carney, University of Roehampton, *The seventeenth-century history of the Queen's House* (Jan 2013 –Jan 2014)

Caird Short-term Research Fellowships

Gwen Yarker, Dorset County Museum, *Investigating the Herbert Barnard John Everett Collection at the NMM* (Mar–May 2012)

Dr Maria Alessandra Bollettino, Framingham University, *Slavery, War and Britain's Atlantic Empire: black soldiers, sailors and rebels in the Seven Years War* (May–Jun 2012)

Professor Adriana Craciun, University of California Riverside, *Northwest Passages: Arctic disasters and the cultures of exploration* (Jun–Jul 2012)

Dr Neil Fleming, University of Worcester, *The Navy League: naval competition, political activism and metropolitan imperialism* (Jan–Mar 2013)

James Taylor, University of Sussex, *The creation of William Westall's Admiralty Australian oil paintings and the engraved illustrations after them derived from his voyage on HMS Investigator, 1801–03* (Oct–Dec 2012)

Sackler Short-term Research Fellowships

Dr James Caplan, Laboratoire d'Astrophysique de Marseille, *Instruments for measuring astronomical photographic plates, 1880–1980* (Oct–Nov 2012)

Dr Inga Elmquist Söderlund, Museum of the History of Science, Oxford, *Eighteenth-century astronomical demonstration instruments and user experience* (Feb–Apr 2013)

Visiting Research Fellowship

Professor Jonathan Lamb, Vanderbilt University, *Scurvy: the disease of discovery* (Sept 2011–12)

AHRC collaborative doctoral studentships in residence

Charlotte Mullins, University of Sussex, *The World on a Plate: the impact of photography on travel imagery and its dissemination in Britain, 1839–88*

John Moyle, University of Leeds, *The Telegraphic Life: recovering the work of submarine cable technicians, 1850–1914*

Claire Warrior, Scott Polar Research Institute, University of Cambridge, *Exploring Histories: polar exploration and the construction of history at the NMM*

Rebecca Pohancenik, Queen Mary University of London, *Seventeenth-century Fromanteel clocks, 2008–13*

Geoff Snell, University of Sussex, *Thames Rising: representations of the river Thames in eighteenth-century culture, 2009–13*

Sophie Carney, University of Roehampton, *The Queen's House at Greenwich: the material culture of the courts of Anna of Denmark and Henrietta Maria 1603–1669*

Sian Williams, University of Southampton, *Circuits of Knowledge: the Royal Navy and the Caribbean, 1756–1815, 2010–14*

Cicely Robinson, University of York, *The National Gallery of Naval Art at Greenwich, 2010–14*

Katy Barrett, University of Cambridge, *Studentship attached to the History of the Board of Longitude project, 2010–13*

Eoin Phillips, University of Cambridge, *Studentship attached to the History of the Board of Longitude project, 2010–14*

Sophie Waring, University of Cambridge, *Studentship attached to the History of the Board of Longitude project, 2010–14*

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

Georgina Rannard, University of Edinburgh, *Seventeenth-century Cartography – 'Empire and useful knowledge: mapping and charting the British Atlantic World, 1660–1720'*

Elin Jones, Queen Mary, University of London, *Masculinity and the Georgian Navy 2012–16*

Conferences, lectures and symposia

- The Anderson Medal Award, 19 April 2012, 75 attendees
- Society for the History of Astronomy Conference, 28 April 2012, 50 attendees
- Association of Yachting Historians AGM and group visit, 3 May 2012, 24 attendees
- Antiquarian Horological Society AGM and Conference, 12 May 2012, 110 attendees
- Queen's House evening lecture in association with the Society for Court Studies, 28 May 2012, 45 attendees
- The Board of Longitude Workshop, 15 June 2012, 15 attendees
- Navy Symposium, 6 September 2012, 25 attendees

- The China from China, conference in association with China Culture Connect, 2 November 2012
- The Queen's House Conference, *'The joyning of the bright Lillie, and the Rose': Celebrations for the Wedding of Charles I and Henrietta-Maria, 1625*, 15–16 February 2013, 45 attendees each day

Buildings, Estate and IT Infrastructure:

Olympics

As part of the Museum's integration into the London 2012 Equestrian events venue, various parts of the Museum's estate were occupied by LOCOG. This included the grounds to north and south, the East Wing Car Park and SOW external terrace, the old Caird Library, old e-Library, Caird Entrance, Baltic Glass display area, new Caird Reading Room and the Queen's House.

Following the Olympics the Museum carried out inspections on its estate, with some areas requiring remedial works being identified including the re-instatement of the lawns and lawn edging, which suffered extensive damage. Landscape work commenced in early October 2012 and the areas to the south and immediately north of the Queen's House were completely re-turfed, along with the areas around the East Wing and east of the Sammy Ofer Wing. The remaining lawns were re-turfed in their entirety in November 2012. The edges to the lawns have been replaced with a granite sett margin. This is a great improvement on the previous wooden edges in both appearance and durability.

Yuri Gagarin statue

A statue of Yuri Gagarin, originally sited in the Mall, was unveiled at the Royal Observatory Greenwich on 7 March 2013. The area which has become the statue's permanent home has been re-named the Yuri Gagarin Terrace in honour of the cosmonaut and first man in space. The statue shows Gagarin in his spacesuit standing on the globe and is a gift from the Russian federal space agency, Roscosmos, to the British People. The statue was unveiled by the cosmonaut's daughter, Elena Gagarina, in the week of his birthday.

Great Equatorial Building, ROG

A comprehensive overhaul of the dome closing mechanism and shutters took place in 2012–13 in conjunction with conservation work to the 28" telescope. Modifications were successfully carried out to improve the dome's operation. The interior was fully scaffolded to carry out these works and the whole interior, including the dome, was re-decorated.

Neptune Court – Streets

As part of the ongoing works to refresh the NMM's Neptune Court displays, Prince Frederick's Barge was redisplayed with raised oars, a replica flag and a conservation message to explain the delicate nature of gilded objects and the damage that touching them will do. Miss Britain III was redisplayed with new interpretation and a new wall of 17 figureheads and 50 ship badges installed. Leisure is now a stronger theme within the Streets with the installation of Speedwell Enterprise No 2, the re-rigging of the 49er with the latest mast and Olympic sails and a new display on Ocean Liner Travel in West Street. The Tarbat Ness Lighthouse Optic, Propeller and Reliant engine were also re-interpreted. All the new interpretation includes links to related galleries and the website and is supported by a number of new Compass Points and new Compass Readers in East Street.

IT infrastructure works included:

1. The installation of new Wi-Fi networks across all Museum sites, including the NMMGuest network with new user portal and opt-in marketing.
2. The set-up of the on-site control room for *Cutty Sark*, including its CCTV viewing station, and the installation of new networking into the new Cutty Sark offices, ensuring that their data systems could still be supported.
3. The procurement and rollout of a networked print infrastructure at all Museum sites. This included the installation of all printers, new virtual servers and new print management software, and incorporated the new Cutty Sark offices.
4. The purchase and configuration of Ipad devices for visitor feedback and marketing for front of house staff. This involved supplying the Marketing department with two Ipad devices to enable them to gather visitor data for future marketing promotions and an e-newsletter. Previously this had been done by an external company and cost the NMM approximately £6k per annum; this work will now save the Museum up to £5k per annum.

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

Retail and Commercial Enterprises

Trading income was down £395k on the previous year but as envisaged when planning for the Olympics. Nevertheless, this reduction was mitigated by hiring out Neptune Court to the British Equestrian Federation as well as the full compensation from LOCOG.

Ansel Adams proved to be a great success, far exceeding predicted visitor numbers. Simultaneously, the Museum launched the Big Ticket and Gift Aid.

Year-end gross events and filming sales performance across the RMG group totalled £425k. In terms of income it represents the Museum's best-ever sales. Given significant business challenges of the Olympic year significantly impacting location and documentary filming projects, the wedding and corporate market at the Queen's House and Royal Observatory this is a great result.

Development

The Royal Museums Greenwich Foundation

In 2012–13 the Royal Museums Greenwich Foundation awarded the Museum three grants totalling £613k. The Museum is very grateful to the Foundation for its support of the Museum and its strategic aims.

Barclays sponsorship of *Royal River: Power, Pageantry & The Thames*

The Museum was very grateful to Barclays for its sponsorship of the *Royal River: Power, Pageantry & The Thames* exhibition held in the Special Exhibitions Gallery of the Museum's Sammy Ofer Wing between April and September 2012.

***Ansel Adams* in-kind sponsorship**

The Museum received an in-kind sponsorship from Visit California which included the print of 20,000 exhibition guides and wine for three events. In return the Museum provided Visit California a variety of benefits including logo placement on the gallery guides and on the *Ansel Adams* page on the website, an allocation of 50 tickets for clients and free entry for staff.

Visit California also assisted in the marketing of the exhibition, via their website and tourism brochures and we launched a competition with them that was advertised throughout the museum via Visit California produced leaflets, in our What's On guide, on both of our websites and via the Visit California stand at the Tourism Expo at Excel in November 2012. The competition, with a prize of a 10 day trip to California, has received over 20,000 entries.

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 March 2013 the Museum has 74 UK and US Patrons – to each of whom the Museum is very grateful for their support.

American Friends of Royal Museums Greenwich

The American Friends Board and Patrons are enthusiastic in their support of the Museum and in 2012-13 generously gave \$15,000 towards the 'Titanic' Remembered exhibition and nearly \$1,600 for the costs of the US key note speaker, Professor Alan Taylor, at *The War of 1812* conference.

Press and marketing:

Ansel Adams

There was a great amount of media interest in the exhibition was great and coverage was wholly positive, appearing in/on national, London and international print and broadcast media and reviewed by several high profile critics.

The exhibition's press campaign achieved 132 media pieces reaching a circulation of over 33m people with an Equivalent Advertising Value of over £600,000 (excluding online coverage).

Royal River: Power, Pageantry & The Thames

The exhibition was a huge triumph with the media and critically well received, successfully raising the media profile of the Museum and its special exhibitions programme. 413 pieces were generated reaching a circulation of over 93.5 million people – with the Equivalent Advertising Value of the campaign coverage totalling over £5 million (excluding online coverage).

BBC Stargazing Live, 8-10 January 2013

In January 2013 BBC Stargazing Live returned to the Royal Observatory, with interviews by Public Astronomer Marek Kukula and Curator Rebekah Higgitt featuring on both the programme and the website.

The Stargazing Live event was held at both the NMM and ROG sites and was covered by BBC London and BBC London News, with live coverage of the event appearing on BBC London News and BBC London Weather.

BBC Sky at Night

In late January the ROG was privileged to host the BBC Sky at Night team, and the filming of their first programme since the death of Sir Patrick Moore. The programme was then aired in February 2013.

Museum Secrets

In November 2012 'Museum Secrets' spent 4 days filming across the Museum for a 1-hour documentary focusing on the Museum and items from its collection. The programme is due to be broadcast across Canada, USA, Australia, New Zealand, Europe and the UK later in 2013.

Jedward's Big Adventure, CBBC

In August-September 2012, the Museum hosted the filming for an episode of the CBBC children's programme 'Jedward's Big Adventure'. The programme featured the Queen's House, Royal Observatory and *Cutty Sark* and was aired on CBBC on Wednesday 9 January 2013.

Performance against Funding Agreement Performance Indicators

Funding Agreement Performance Indicators	2011-'12	2012-'13
Total amount of charitable giving ¹	£9,016,000	£2,759,000
Ratio of charitable giving to grant-in-aid	53.0%	16.6%
Number of visits to the Museum	1,872,258	1,943,054
Number of unique website visits	3,955,127	4,370,062
Visits by children under 16	450,899	450,855
Number of overseas visits	1,052,406	1,007,526
Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education ²	N/A	115,190
Number of instances of visitors under 18 participating in on site organised activities ²	N/A	74,620
% of visitors who would recommend a visit	97%	98%
Admissions income (gross)	£2,239,000	£2,602,000
Trading income (net profit)	£990,000	£352,000
Number of UK loan venues	74	81
Number of objects conserved	2,605	1,909
No. of peer-reviewed publications	19	19
Number of research projects undertaken/ongoing	18	18
% area of stores and galleries that are sustainably BS5454 compliant	54.3% ³ summer 51.5% ³ winter	55.9% summer 50.9% winter

¹ The figures for 2011-'12 and 2012-'13 include financial sponsorship, donations and grants, and the value of donated objects, as per DCMS guidance

² These two measures were introduced to the Museum's Funding Agreement for 2012-'13 and as such do not have a comparable figure for 2011-'12.

Efficiency tables

Key Data	2008-09	2009-10	2010-11	2011-12	2012-13
Total Grant-in-Aid (GiA) ¹ .	£19.3m	£19.0m	£18.8m	£17.0m	£16.6m
All other incoming resources	£6.3m	£8.5m	£23.1m ² .	£15.0m ² .	£11.4m
FTE employees	412	400	416	439	479
Visits	2.089m	2.395m	2.450m	1.872m	1.943m
Website visits	3.247m	3.185m	3.885m	3.955m	4.370m
Efficiency Ratios					
Total Users ³ .	5.351m	5.590m	6.351m	5.835m	6.322m
Total Users per FTE	12,988	13,975	15,267	13,292	13,190
Total GiA £ per User	3.61	3.40	2.95	2.92	2.63
Revenue GiA £ per User	2.91	2.86	2.35	2.62	2.37
Total GiA £ per Visit	9.24	7.92	7.65	9.09	8.55
Revenue GiA £ per Visit	7.45	6.67	6.09	8.15	7.71

¹ all Grant-in-Aid figures exclude the restricted funds for the National Historic Ships Unit (£237k in 2012-'13)

² includes the donation from the Sammy Ofer Foundation of £14.6m in 2010-'11 and £3.4m in 2011-'12

³ includes collections & subject-related enquiries (8,551 enquiries in 2012-'13)

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 second report compiled under that guidance. Further details may be found at 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 was an active member of the DCMS sponsored Museums and Galleries Energy Consortium (MAGEC) – now defunct - 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		2012-13 Performance	
		Actual	Target
Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel)		3,631 tonnes of CO ₂ equivalent	3,400 tonnes of CO ₂ equivalent
Estate Energy	Consumption	9.764 million kWh	9 million kWh
	Expenditure	£554,446	£580,000
Estate Waste	Consumption	259.4 tonnes	<235 tonnes
	Expenditure	£49,541	£30,000
Estate Water	Consumption	28,523 m ³	<35,000m ³
	Expenditure	£54,523	£53,000

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 an attempt will be made to work 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 continue, having been 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 CO₂ to 3072 tonnes CO₂. Since the opening of the new Sammy Ofer Wing our carbon footprint increased to 3422 tonnes CO₂. This year the Museum Estate's carbon footprint has increased to 3631 tonnes CO₂ for the following reasons: the Sammy Ofer Wing development has now operated for a full year, the previous year included only nine months' operation (the programme 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 which sets a new benchmark from which to target and assess our continued efforts to reduce our carbon footprint); the abnormally cold spring of 2012 and the very cold winter of 2012-'13 caused an increase in the consumption of gas and electricity for heating which combined with an increase in utilities costs on world markets; and the additional one-off electrical consumption during the Olympics 2012 (recharged to LOCOG).

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 2012-13, recycling garden waste resulted in composting 8.2 tonnes (12.75 tonnes in 2011-12) over the year, an estimated 88.17 tonnes of waste was recycled (104 tonnes in 2011-12) and 171.21 tonnes sent to landfill (120.68 in 2011-12 which did not include figures for our catering franchise). There is construction and general waste which is regularly skipped at a weight of 345 tonnes in 2012-13 with targets now set for reduction.

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 steadily increased site-wide, including the East Wing Boardroom and basement, the Sammy Ofer Wing shop, the refurbished Bookstack (also insulated), Flamsteed House external lighting and the Brass Foundry. Programmes of energy efficiency are in place via the progressive upgrading of lighting systems, replacement of boilers and installation of insulation across the Estate,

notably at LTE and Kidbrooke Stores and most recently a £240k investment in four new energy efficient chillers for Neptune Court.

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. LOCOG paid for reinstatement of all Museum lawns affected by Olympic use.

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.

Re-useable walling and showcases were procured for the *Royal River* exhibition in 2012 and the infrastructure for the *Ansel Adams* exhibition was re-purposed for the next exhibition, *Visions of the Universe*.

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 CO₂ 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 was 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 was 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.

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

Trustees adopted that 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, devolvement, 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 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, employee assistance programmes and trained and supportive management and professional HR back up. In addition schemes to promote health and wellbeing such as yoga, stress relieving massages, life drawing and other social activities exist. In March 2013 the Museum was accredited with the first stage of the London Healthy Workplace Charter. Long term no smoking policies are in existence with support to give up the habit available. Sheltered placement, work experience and 400 volunteering opportunities are promoted throughout the year (250 in 2011–12). 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 also undertakes secondments and exchanges both internally and externally.

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% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME). The Museum holds the Employment Service's Disability Symbol. In 2012–13, 5.47% 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 specifically for disabled workers are under way.

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% 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 last being in November 2012.

In 2011–12 the average number of days lost per employee through short term sick absence was 4.50 days whilst the average number of days lost per employee through long term (over 28 days) sick absence was 4.37 days. The average number of days lost per employee through total sickness (long and short term combined) was 8.87 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 (400, an increase of 156 since 31 March 2012) have given 32,154 hours at a value estimated in the region of more than £320,000.

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 until 9 March 2013)
Admiral the Lord Boyce KG, GCB, OBE, DL (until 9 March 2013)
Sir Robert Crawford CBE (Chairman from 27 March 2013)
Linda Hutchinson (from 27 March 2013)

Ex officio Officer: Dr Kevin Fewster, AM, FRSA (Director)

Secretary: Anne Patterson, Chartered MCIPD (Head of HR)

External Advisers: Brian McEvoy and 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 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 and in the case of the Director, Royal Museums Greenwich 0%–20% 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:

	2012-'13		2011-'12	
	Salary (£'000s)	Performance payment (£'000s)	Salary (£'000s)	Performance payment (£'000s)
Dr Kevin Fewster Director & Accounting Officer	105-110	15-20	95-100	15-20
Dr Margarette Lincoln Deputy Director	75-80	15-20	75-80	15-20
Andy Bodle, Director, Operations and Human Resources	70-75	10-15	65-70	15-20
Angela Doane Director, Collections (until 20 July 2011)	-	-	20-25 (60-65 FTE)	10-15
David Philip Director, Finance & Enterprises (until 31 December 2012)	60-65 (85-90 FTE)	25-30	85-90	20-25
Kevin Sumption Director, Exhibitions & Programmes (until 27 January 2012)	-	-	55-60 (65-70 FTE)	15-20
Chris Styles Director, Communications and Visitor Experience (until 31 August 2012)*	60-65	10-15	60-65	0-5
Fiona Romeo Interim Director, Programming and Exhibitions (until 15 July 2012)	15-20 (55-60 FTE)	0-5	5-10 (55-60 FTE)	0-5
Mike Sarna Director, Programming and Exhibitions (from 16 July 2012)	40-45 (60-65 FTE)	-	-	-
Sandra Botterell Director, Commercial (from 12 November 2012)	30-35 (75-80 FTE)	-	-	-
Anupam Ganguli Director, Finance (from 12 November 2012)	25-30 (85-90 FTE)	-	-	-
Richard Doughty Director, Cutty Sark (from 1 May 2012)	80-85 (85-90 FTE)	15-20	-	-

Dr Kevin Fewster received £1,000 benefits in kind. *Chris Styles gave nine months' notice of his voluntary resignation and the Museum did not require him to work beyond three months of that notice, paying £32,000 in lieu of notice.

2012-'13	2011-'12
Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 132.5	Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 117.5
Median Total Remuneration 15	Median Total Remuneration 15
Remuneration Ratio 1:8.8	Remuneration Ratio 1:7.6

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 2012-13 was £132,500 (2011-12, £117,500). This was 8.8 times (2011-12, 7.6 times) the median remuneration of the workforce, which was £15,231 (2011-12, £15,458).

In 2012-13, nil (2011-12, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £132,000 (2011-12, £0 to £110,000).

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

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 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV funded by employer	Employer contribution to group personal pension
	£'000	£'000	£'000	£'000	£'000	Nearest £1000
Dr Kevin Fewster	-	-	-	-	-	11
Dr Margarett Lincoln	30-35 plus lump sum of 90-95	0-5	719	658	15	-

Andy Bodle	30-35 plus lump sum of 90-95	5-10	588	521	37	-
David Philip (until 31 December 2012)	-	-	-	-	-	6
Chris Styles (until 31 August 2012)	-	-	-	-	-	3
Fiona Romeo (until 15 July 2012)	-	-	-	-	-	2
Mike Sarna (from 16 July 2012)	-	-	-	-	-	4
Sandra Botterell (from 12 November 2012)	-	-	-	-	-	3
Anupam Ganguli (from 12 November 2012)	-	-	-	-	-	2
Richard Doughty (from 1 May 2012)	-	-	-	-	-	8

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

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages for 2012/13	Total number of exit packages for 2011/12
0 - 24,999	6	-	6	3
25,000 - 49,999	-	2	2	-
50,000 - 99,999	-	-	-	-
Total	6	2	8	3
Total resource cost (£)	28,694	72,065	100,759	10,300

There was one departure under the terms of the Civil Service Compensation Scheme in 2012–'13. 6 members of staff received statutory redundancy payments each of which was below £7,100 and which in total amounted to £28,694.

Lord Sterling
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
24 June 2013

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

The Board of Trustees of the National Maritime Museum

During 2012–13 the Board of Trustees comprised:

Lord Sterling of Plaistow GCVO, CBE, Chairman
and in order of first appointment:
Nigel Macdonald (to 9 March 2013)
Gilly Drummond, OBE, DL (to 23 February 2013)
Sir John Guinness, CB (to 23 February 2013)
Admiral the Lord Boyce, KG, GCB, OBE, DL (to 9 March 2013)
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 in the 'About Us' section.

The Executive

During 2012–'13 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
Richard Doughty	Director, <i>Cutty Sark</i>
David Philip	Director of Finance and Enterprises (to 31 December 2012)
Chris Styles	Director, Communications and Visitor Experience (to 31 August 2012)
Fiona Romeo	Interim Director, Exhibitions and Programmes (to 5 April 2013)
Mike Sarna	Director, Programming and Exhibitions (from 16 July 2012)
Sandra Botterell	Director, Commercial (from 12 November 2012)
Anupam Ganguli	Director, Finance (from 12 November 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

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

Farrer & Co

66 Lincoln's Inn Fields
London, WC2A 3LH

Stone King

16 St John's Lane
London, EC1M 4BS

9. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2012–13

Government

The Department for Culture Media and Sport
The Heritage Lottery Fund

Major Supporters

A. G. Leventis Foundation
Barclays
The Esmée Fairbairn Foundation
The Foyle Foundation
Lloyd's Register Foundation
The Peter Harrison Foundation
The Royal Museums Greenwich Foundation
The Sackler Foundation
Mrs Coral Samuel CBE
The Stavros Niarchos Foundation
The TK Foundation
The Wolfson Foundation
and other supporters who wish to remain anonymous

Trusts and Foundations

Joseph Strong Frazer Trust; The Inchcape Foundation; The Sir John Fisher Foundation; Society for Nautical Research/MacPherson Fund; The Swire Charitable Trust; Transformers (funded by The National Lottery through the Olympic Lottery Distributor and managed by East London Business Alliance) and other supporters who wish to remain anonymous.

Donor Organisations

Greenwich Hospital Foundation; Association of Science Discovery Centres; Flamsteed Astronomical Society; Members of Royal Museums Greenwich; The Nelson Society; Sun Dial Society.

Bequests

Helah Patrica Holmes
Bertha Katherine Barnardiston

American Friends of Royal Museums Greenwich:

Stephan Frank; C Richard and Deborah Carlson; Gary & Beth Glynn; Dr Lee MacCormick Edwards; Bud Knapp; Howard & Patricia B. Lester; David M Wells; Lt Cdr P Fletcher; Robert H. Moore II; Jason M. Pilalas; Mr and Mrs David M. Rich; James B. Sherwood; C. Lawson Willard.

Sponsors

Charles Frodsham & Co
Dyson
JSC Aeroflot – Russian Airlines
KPMG Thames Clippers
OAO Sovcomflot
OMEGA SA
Purbrooks
Russian Railways
Transas Marine International
Visit California
Winton Capital Management

Corporate Members

Accor UK; The Baltic Exchange; Barclays; BMT Group Ltd; BP Shipping; Braemar Seascope; Clarksons; CMS Cameron McKenna; COSCON (UK); Hutchinson Westports Ltd; Howe Robinson & Co Ltd; Liberty Syndicate Management Ltd; Lloyd's Register; Port of London Authority and Shell International Trading and Shipping Co. Ltd.

Life Patrons

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

Patrons

Elizabeth Lady Amherst; John R. Asprey; Victor Benjamin; Mr & Mrs Donald Brydon; Mr and Mrs William Callanan; Rear Admiral and Mrs Roy Clare; Peter J. Cowling; The A. C. H. Crisford Charitable Foundation; Simon C. Davidson; J.E. Day; Baroness Brenda Dean; Dr Kevin Fewster; Nicholas Fisher; Lt Cdr P. Fletcher; Joscelyn Fox; Sir David and Lady Hardy; Rt. Hon David Heathcoat-Amory; Charles Hoare Nairne; Nigel Hollebhone; Richard Hunting; D. J. Larnder and R. J. Cocksedge; Baron of Lenzie and Lady Lenzie; Commander P. J. Linstead-Smith; John Manser; John W. R. Martin; Richard Ormond; Merrick Rayner; The Lord Tanlaw; Mrs Karen Tearle; John and Madeleine Tucker; Anthony Watson; and others who wish to remain anonymous.

Honorary Commodores – awarded for outstanding support and commitment to the Museum. The 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; the late Sammy Ofer; Libby Purves; Dr David Quarmby; Lord Rees of Ludlow; Professor NAM Rodger; the late Dr Mortimer; Mrs Theresa Sackler; Coral Samuel; Peter Snow; Dava Sobel; Dr David Starkey; the late Sir Arthur Weller; the late Lord Wolfson of Marylebone; and the late 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 Mayor and Commonality and Citizens of the City of London.

Donors to the Collection

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

Helene Alexander; Mary Aston; British Council; Patricia Brobyn & Margaret Holland & Dr Derek J Pike; Basil Balls; Sydney Barratt; Lady Bolton; Hilary Buckle; Mr P Burrett; Bridget Cook; Jeannine Cook; Andrew Crisford; Mrs D Cutting; EnviroTech LLC; Jane Fiddler; Mostyn Field; Fortnum & Mason; London Shipowners and River Users Society; Lynne Fromings; John J Graham; Eve Harrison; Victoria Johnson; Isabel Jones; Lionel Joseph; Pamela Keats; Susan Kerr; Wendy Loxton; Alan Ludbrook; Angus McGeoch; George Meegan; Heather Price; Peter Quartermaine; Patricia Ready; R S Aqua Ltd; ROSCOSMOS; Peter Ross; Society for Nautical Research; Tim South; Wendy Spencer; Sally Tabcart; Michael Walton; Dr Robin Wilson

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, 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 £16.8m received in the year, £237k 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

The on-going uncertainties in the economic climate, coupled this year with the complexities associated with hosting the Olympic equestrian events, have been challenging for the Museum, which continues to explore opportunities for generating funds.

The hosting of the Olympic equestrian events brought many extra visitors to Greenwich but, in common with many local and central London businesses, our commercial activities received no significant benefit. The closure of the Royal Observatory during the Olympics was longer than initially indicated by the London Organising Committee of the Olympic Games (‘LOCOG’) and the consequent impact on admission income to the Prime Meridian line in particular was, therefore, more acute than we had anticipated. However, the Museum received full compensation of £641k from LOCOG for income lost during this period.

Total incoming resources for the year reduced by £4.3m overall, including a further cut of £410k in Grant in Aid in the year. Of this amount Voluntary funds were down by £6.6m, largely due to the reduction in value of donated objects (£3.4m) and the receipt last year of the final tranches of funding relating to the Sammy Ofer Wing.

There were several highlights during the year. Income from commercial activities increased by £2.1m, helped by the LOCOG compensation referred to earlier, and the income due under the Service Level Agreement with the Cutty Sark Trust, which generated just over £1m. *Ansel Adams* enjoyed unprecedented success so that admission income overall for the year was £363k higher than 2011-12, despite the difficult trading conditions and the disappointment of *Royal River* performing below its original projection. The Membership scheme performed particularly well, generating £147k and doubling its 2011-12 total.

Investment income showed a marginal improvement of £30k in the year but continues to be depressed due to the uncertain economic climate.

Resources expended in the year amounted to £28.8m (2011-12: £28.4m). There was an increase of £1.4m in staff costs with approximately £1m of this due to the Service Level Agreement with the Cutty Sark Trust, the costs of which were recharged as explained above. Once again there was significant investment in the temporary exhibition programme, most notably for *Ansel Adams* but also in preparatory work for future years.

Additionally the Museum made grants totalling £1.9m, including £1.8m to the Royal Museums Greenwich Foundation.

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.

Trading income was down £395k on the previous year but as envisaged when planning for the Olympics. Nevertheless, this reduction was mitigated by hiring out Neptune Court to the British Equestrian Federation as well as the full compensation from LOCOG.

The net trading profit of £352k was transferred to the Museum by way of a donation through the gift aid scheme.

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 this year over 60% 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.

Reserves at 31 March 2013

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 £1.7m available for the 2012-13 financial year. The Museum has utilised this in full in the year.

At 31st 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. The £1m remaining balance in this Fund has been utilised in full during the year to support the investment in *The Great Map* and the *Nelson Navy Nation* gallery.

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 ¹	94.4
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 st March 2013	8.1
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	10.1
Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid	10.3
Designated funds for a specific project or purpose in the future	6.0
Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions	2.5
	<u>131.4</u>

Notes

1 A reduction of £1m over 2011-12 due principally to depreciation

Full details of these funds and their purpose are given in Notes 19-21 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 although the value of investments has increased by £691k during the year and stood at £4.7m at year end.

The Museum also holds £9.7m 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

A review based revaluation of the Museum's estate was carried out at year end by external valuers, Gerald Eve, Chartered Surveyors. As a result there was an increase in the net book value of the land and buildings of £2.3m. Note 10 gives full details of the Museum's Tangible Fixed Assets which stand at £110m at year end.

Heritage Assets

During the year the Museum purchased Heritage Assets, including Yinka Shonibare's *Ship in a Bottle*, with a value of £632k and received donations or bequests to the value of £525k. Details of other 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 2012-13 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Baker Tilly UK Audit LLP undertakes the audit of the National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £54k, comprising £39k for the consolidated accounts audited by the National Audit Office and £15k for the Trust Funds and NMME audited by Baker Tilly UK Audit LLP.

Payment of Creditors

The Museum pays 70% (2011-12: 80%) of its suppliers within 30 days. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

Going Concern

In March 2013 the Museum was advised by DCMS that further cuts of 1.09% in 2013-14 and 1.06% in 2014-15 would be applied to the revenue element of the Grant in Aid over the two financial years 2013-14 and 2014-15, on top of previously advised cuts on 1% and 2% in each of these years respectively. The result of the Comprehensive Spending Review for the year 2015-16 is awaited. Given the on-going uncertainty around the level of Grant in Aid that will be received 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
24 June 2013

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, 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
24 June 2013

Kevin Fewster
Director and Accounting Officer
24 June 2013

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

12. GOVERNANCE STATEMENT

Departments, their executive agencies and arm's-length bodies are required to produce a Governance Statement in place of the Statement on Internal Control in their annual report and accounts for 2011–12 onwards.

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 that 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 2012–13

Chairman

The Rt Hon the Lord Sterling of Plaistow GCVO, CBE, Chairman, appointed to 19 November 2013.

Lord Sterling chaired all of the four Board meetings of the Trustees; chaired all four Finance Committee meetings; attended all five Audit Committee meetings; chaired all four Nominations Committee meetings; chaired both of the NMME Board meetings and the single Trust Fund Trustee meeting.

Trustees in order of their first appointments

Mr Nigel Macdonald, appointed to 9 March 2013.

Attended all of the four Board meetings of the Trustees; chaired all five Audit Committee meetings; attended all four Finance Committee meetings, of which he is a member; chaired two of the three meetings of the Remuneration Committee; attended both the NMME Board meetings and the single Trust Fund Trustees meeting and chaired the three meetings of the Exhibitions and Galleries Finance Sub-Committee.

Mrs Gilly Drummond, OBE, DL, appointed to 23 February 2013.

Attended three of the four Board meetings of the Trustees and has been extensively involved in the Conservation Planning meetings.

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

Admiral the Lord Boyce, KG, GCB, OBE, DL, appointed to 9 March 2013.
Attended three of the four Board meetings of the Trustees, all four meetings of the Nominations Committee, and both meetings of the Remuneration Committee for which he was eligible.

Mr David Moorhouse, CBE, appointed to 29 October 2013.
Was not able to attend the Board meetings of the Trustees, but attended all of the five Audit Committee meetings of which he is a member, all the four Finance Committee meetings at which he is an attendee; both NMME Board Meetings, the two Trust Fund Trustee meetings and the Investment Committee meeting.

Dr David Quarmby, CBE, appointed to 29 October 2013.
Attended all four of the Board meetings of the Trustees, all of the five Audit Committee meetings of which he is a member, and all the four Finance Committee meetings at which he is an attendee; both NMME Board Meetings, the two Trust Fund Trustee meetings and chaired the Investment Committee. He was also extensively involved in the Conservation Planning meetings.

Mrs Linda Hutchinson, appointed to 14 September 2016.
Attended all four Board meetings of the Trustees and, after her appointment to the Remuneration Committee, the 27 March meeting.

Sir Robert Crawford, CBE, appointed to 14 September 2016.
Attended three of the four 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 Exhibitions and Galleries Finance Sub-Committee meetings; all four meetings of the Nominations Committee and all three of the Remuneration Committee meetings, chairing the third of these.

Ms Eleanor Boddington, appointed to 7 April 2014.
Attended all four Board meetings of the Trustees; three of the possible four Audit Committee meetings; two of the possible three Finance Committee meetings ; one of the NMME Board Meetings and one the two Trust Fund Trustee meetings.

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

Dr Chris Lintott, appointed to 23 June 2014.
Attended all four Board meetings of the Trustees, the Collections and Research Committee meeting but was not able to attend two of the Finance Committee meetings. He also attended the Conservation Planning meetings.

In 2012–13 the Trustees contributed a minimum of 569 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.

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. There were no such withdrawals required in 2012-13.

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 (April 2012) 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 Panel Member appointed by DCMS, 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 2012–13 Linda Hutchinson and Sir Robert Crawford were re-appointed for second terms of four years, no new Trustees were appointed during the year and four Trustees' second term appointments came to an end.

Following advertising and interviewing candidates for current vacancies (including a Trustee with the capabilities of being the next Chair of the Audit Committee) and new skill-sets identified by the Nominations Committee as needed for the Board moving forward, the Committee is expecting the Prime Minister to make these appointments in June 2013.

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 2012–13 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; approves the annual budget going forward to the Board; reviews quarterly financial performance against budgets and quarterly outturn forecasts; 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. At the meeting of the Finance Committee on 26th July 2012, Trustees approved the establishment of an **Investment Committee** to carry out a detailed review of all funds held by the Museum (both cash and investments), to be undertaken under the guidance of David Quarmby and with advice from Barnett Waddingham Investments LLP and the Committee's recommendations were agreed at the Finance Committee meeting of 8 November 2012.

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 2012–13 Trustees also operated the **Trustee Gallery and Exhibition Finance Sub-Committee**. This Sub-committee was established in 2011-12 to review the financial planning of the Museum's major gallery and exhibitions programme. This group is a sub-committee of the Finance Committee and reports in to that Committee after its meetings.

1.8 The work of the Trustee Board in 2012–13

In 2012–13 the significant work of the Board and its committees included:

- working to ensure the Equestrian Olympics were good for everyone and worked well for the Museum
- adopting budgetary and planning policies to deal with the strategic and practical financial impact of the reductions in Grant-in-Aid over the 2013-15 period
- agreeing a revised collections development policy
- the completion and agreement of the Service Level Agreement between the Board of Trustees and the Cutty Sark trusts to provide for the operational management of the *Cutty Sark*
- approving the Master Narrative for the Royal Observatory
- ensuring the delivery of the special exhibitions, *Royal River; Power, Pageantry and the Thames and Ansel Adams, Photography from the Mountains to the Sea* which together attracted some 178,000 visitors to the Museum
- taking the annual report from the Director of National Historic Ships UK

The minutes of Trustee Board meetings are available at 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.

At its meeting of 21 February 2013 the Board noted that the Audit Committee was currently conducting a formal self-assessment exercise (see below). Trustees agreed that, due to the current period of significant turnover of Trustees, a return to the more formal process would be made under the new Chair. The Director, DCMS, who was present as an observer at the meeting, agreed that this was a matter best dealt with as part of the induction of the new Chair.

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 2012–13.

In its September report (on the 2011-12 Audit Committee work) the Committee reported that there were no matters of high risk or significance arising from the 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. There were no matters of Health and Safety to specifically bring to the Board from 2011–12 and no seven-day injuries to report. The Audit and Finance Committee see the Health and Safety reports at their quarterly meetings and the Board sees the full list of the quarter's incidents in its Board papers.

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 31st 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.

A self-assessment questionnaire was completed in February 2013 by the three on-going members of the Audit Committee (and not by the then Chairman of the Audit Committee whose last meeting was that of February 2013).

The questionnaire showed that of the 25 questions, 21 (84%) were answered with either an "above average" or a "fully satisfactory" response. 3 (12%) of the remaining 4 questions were answered with an "average" response. "On-going personal development to remain up to date", similarly to the 2011-'12 assessment, was the only element to show a lower result than the other responses.

Committee members returned a "fully satisfactory" response on the "Quality of Chairmanship" question with one respondent specifically noting that this had been exemplary over the period.

Regarding the matter of on-going personal development, the Audit Committee welcomed and endorsed the NAO's offer of a future two-hour seminar to contextualise the requirements and responsibilities of the Committee. It was agreed that this would best be done in mid-2013 after the succession of the Chairman of the Audit Committee.

A respondent made the specific point that the Committee's nominal membership of four is the minimum and that a future membership of five would provide an even more effective breadth of knowledge and enquiry.

Overall, the self-assessment indicated an effective and robust Audit Committee with a membership that is healthily aware of the need to keep abreast of on-going personal development activities to update their skills and knowledge.

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, and on the progress of recruiting a Trustee with the capabilities of being elected by the Board as Chair to succeed Lord Sterling.

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 forecasts are agreed by the Finance Committee if necessary. The Executive reviews financial performance against these targets each month.

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 surveys 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 2012–13 the internal audit reporting work encompassed:

- Fraud policy review
- Recharging of Olympic costs
- IT and TOTS assets
- Learning (National Maritime Museum)
- Learning (ROG)
- Recharging for Cutty Sark
- Core financial controls
- Security
- IT systems review

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 2012–13 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 2012–13 year, the Head of Internal Audit stated that:

An important aspect of the governance and assurance framework is the adequacy in which organisations respond to and implement internal audit recommendations. We found that the Royal Museums Greenwich responds positively to our recommendations. Further, our recent follow up of audit recommendations showed that good progress has been made in implementing audit recommendations. We also followed up the implementation of our work on financial controls, records management, estates management and IT assets and found that previous recommendations were progressed adequately. Moreover, the Royal Museums Greenwich keeps track of recommendations made and the progress in their implementation. Progress is reported to the Audit Committee by management at each meeting.

Overall, we consider that the internal controls for the Royal Museums Greenwich operate satisfactorily in most areas. However, there are some areas where important improvements were recommended from our work, particularly in respect of learning strategy and IT systems and strategy. In these areas, the Museum has begun to take the necessary steps to improve controls and the Audit Committee has been kept fully informed.

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 Royal Museums Greenwich's risk management, control and governance processes reviewed as part of the 2012-13 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

Internal Audit considered that the Museum needed to make some improvements particularly in respect of learning strategy and IT systems and strategy. In these areas, the Museum has begun to take the necessary steps to improve controls and the Audit Committee has been kept fully informed.

Other than 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 31st March 2013 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 project are subject to the Gateway Review process.

The final Gateway Review of the Sammy Ofer Wing Project was published in November 2012 giving the project a green rating and stating that, “Successful delivery of the project / programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly”. The Review also said that “The project benefited in particular from strong governance and the expertise provided by external advisers, who provided a healthy challenge function in dealings with contractors. The Review Team highlight this as an example of best practice, demonstrating the benefits derived from drawing upon external expertise. The project also enjoyed rigorous change control mechanisms that mitigated against pressures for scope creep and resulted in the project delivering on budget and some 11 months ahead of schedule.”

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.

In 2012-13 an additional risk register was introduced for the identification, recording and mitigation of risks associated with the Museum's operation of *Cutty Sark*.

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

At Departmental level risks are monitored by the Senior Management Team (SMT) which consists of the Heads Department. This work and responsibility is now undertaken by the SMT, rather than in previous years, the Risk Advisory Group which has ceased to function.

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 changes in net risk status over the year are:

- Financial risk surrounding access to reserves is now judged to be low (previously medium)
- Following the review of the Fraud Policy internally and by internal audit the net risk has been reduced to low (previously medium)
- Two operational risks around succession planning of key staff and Trustee roles have been reduced to low following the appointment of the two new directors and on-going recruitment for Trustee roles (previously medium)

A new risk identified and added:

- The risk of damage to the Museum's reputation from adverse publicity from social media is now included and judged to be a 'Medium' net risk

Risks closed were:

- The financial risk involved in constructing and fitting out the Sammy Ofer Wing
- The financial risk associated with the Olympics has now been closed

The principal external risk is to Grant-in-Aid

The Museum is expecting a further reduction in Grant-in-Aid funding for the year 2015-16. The Museum is instigating plans to assess and manage the inevitable public-facing impact of further reductions in Grant-in-Aid and the attendant reduction in self-engendered income.

7.2 Information Risk

The Museum is not aware of suffering any lapses of protective security (including data incidents) during 2012-13 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

24 June 2013

David Moorhouse, Interim Chairman of the Audit Committee

24 June 2013

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 2013 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 2013 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

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

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary Funds						
- Grant in Aid		16,611	237	-	16,848	17,258
- Other		145	2,472	-	2,617	8,794
Total Voluntary Funds	2	16,756	2,709	-	19,465	26,052
Activities for Generating Funds						
- Trading Income	3	2,457	115	-	2,572	2,967
- Other	4	4,683	-	-	4,683	2,561
Total Activities for Generating Funds		7,140	115	-	7,255	5,528
Investment Income	5	208	2	9	219	189
Total Incoming Resources from Generated Funds		24,104	2,826	9	26,939	31,769
Incoming Resources from Charitable Activities						
Safeguarding & Enhancing the value of its Assets		437	32	-	469	393
Maximising Access & Inspiration for its Users		2	-	-	2	-
Satisfying its Stakeholders; Locally, Nationally & Internationally		565	-	-	565	125
Total Incoming Resources from Charitable Activities	6	1,004	32	-	1,036	518
Total Incoming Resources		25,108	2,858	9	27,975	32,287
Resources Expended						
Cost of Generating Funds						
Costs of Generating Voluntary Funds		949	-	-	949	1,184
Costs of Activities for Generating Funds						
- Trading Costs	3	1,099	-	-	1,099	959
- Other		3,164	115	-	3,279	1,595
Total Costs of Activities for Generating Funds		4,263	115	-	4,378	2,554
Investment Management Costs		31	1	8	40	38
Costs of Charitable Activities						
Safeguarding & Enhancing the value of its Assets		14,640	2,379	-	17,019	16,364
Maximising Access & Inspiration for its Users		1,223	1,987	-	3,210	3,881
Satisfying its Stakeholders; Locally, Nationally & Internationally		3,039	21	10	3,070	4,241
Governance Costs	8	174	-	-	174	173
Total Resources Expended	7	24,319	4,503	18	28,840	28,435
Net Incoming/(Outgoing) Resources before transfers		789	(1,645)	(9)	(865)	3,852
Transfers						
Transfers between funds	19,20	(1,213)	1,213	-	-	-
Net (Outgoing)/Incoming Resources before other Recognised Gains and Losses		(424)	(432)	(9)	(865)	3,852
Other Recognised Gains and Losses						
Revaluation Gain/(Loss) on Fixed Assets		-	2,307	-	2,307	(4,494)
Gain/(Loss) on Investments		542	4	44	590	(25)
Total Net Movement in Funds	9	118	1,879	35	2,032	(667)
Funds balance brought forward at 1 April 2012		20,461	108,330	603	129,394	130,061
Funds balance at 31 March 2013		20,579	110,209	638	131,426	129,394

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £352,000 (£990,000 - 2012) as Gift Aid to the Charity.

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 2013

	Note	Group		Charity	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
Fixed assets					
Tangible Fixed assets	10	110,317	108,750	110,317	108,750
Heritage Assets	12	10,084	8,927	10,084	8,927
Available for Sale Investments	13	4,657	3,966	5,157	4,466
		<u>125,058</u>	<u>121,643</u>	<u>125,558</u>	<u>122,143</u>
Current assets					
Stock	15	378	349	49	30
Debtors: Amounts falling due within one year	16	2,415	1,400	2,251	1,698
Short-Term Deposit	23	7,656	9,593	7,656	9,593
Cash at bank and in hand	23	2,071	3,925	1,597	2,983
		<u>12,520</u>	<u>15,267</u>	<u>11,553</u>	<u>14,304</u>
Current liabilities					
Creditors: Amounts falling due within one year	17	(6,152)	(7,516)	(5,744)	(7,112)
Net current assets		<u>6,368</u>	<u>7,751</u>	<u>5,809</u>	<u>7,192</u>
Net Assets		<u>131,426</u>	<u>129,394</u>	<u>131,367</u>	<u>129,335</u>
Income Funds					
Restricted funds:					
Fair Value Reserve	19	13	6	13	6
Revaluation Reserve		8,144	5,837	8,144	5,837
Other Restricted Funds		102,052	102,487	102,052	102,487
Total Restricted Funds		<u>110,209</u>	<u>108,330</u>	<u>110,209</u>	<u>108,330</u>
Unrestricted funds:					
Fair Value Reserve	20	901	677	901	677
Designated funds		17,195	17,299	17,136	17,240
General funds		2,483	2,485	2,483	2,485
Total Unrestricted Funds		<u>20,579</u>	<u>20,461</u>	<u>20,520</u>	<u>20,402</u>
Capital Funds					
Fair Value Reserve	21	54	49	54	49
Endowment Funds		584	554	584	554
Total Endowment Funds		<u>638</u>	<u>603</u>	<u>638</u>	<u>603</u>
Total Funds		<u>131,426</u>	<u>129,394</u>	<u>131,367</u>	<u>129,335</u>

Lord Sterling of Plaistow, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

24 June 2013

The notes on pages 63 to 77 form part of these accounts.

Consolidated Cash Flow Statement
For the Year Ended 31 March 2013

Cash Flow Statement	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	23	523	11,240
Returns on investments and servicing of finance			
Interest received		219	189
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(4,432)	(9,040)
Payments to acquire investments	13	(101)	(1,318)
Proceeds from sale of investments	13	-	1,322
Management of Liquid Resources			
Decrease/(Increase) in short term deposits		1,937	(1,741)
Increase/ (Decrease) in cash	23	<u>(1,854)</u>	<u>652</u>

**Notes to the Consolidated Accounts
For the Year Ended 31 March 2013**

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 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; 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 for the year ended 31 March 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 and heritage assets, 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
Plant & Equipment	4 years
Computers	4 years
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

£16,848,000 (£17,258,000 - 2012) of Grant in Aid has been received from the Department for Culture, Media and Sport during the year.

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 £'000	2012 £'000
Operating Expenditure		14,867	-	-	14,867	15,149
Pension Uplift		111	-	-	111	111
Capital Grant		1,633	-	-	1,633	1,757
Historic Ships Unit		-	237	-	237	241
Total Grant in Aid	Note 24	16,611	237	-	16,848	17,258
Donations		145	531	-	676	739
Donations - Capital Projects		-	1,416	-	1,416	3,399
Donated Objects		-	525	-	525	3,901
Heritage Lottery Fund	Note 24	-	-	-	-	755
Total Voluntary Funds		16,756	2,709	-	19,465	26,052

Donated objects are artefacts given to the Museum with a value of £525,000 (£3,901,000 - 2012). 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 £1,416,000 (£3,399,000 - 2012).

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.

	2013 £'000	2012 £'000
Trading Income	1,779	1,671
Cost of sales	(876)	(742)
Gross profit	903	929
Income from other commercial activities	793	1,296
Administrative expenses	(1,347)	(1,239)
Operating profit	349	986
Interest receivable and similar income	3	4
Profit on ordinary activities before taxation	352	990
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	352	990
Gift Aid donation to the Charity	(352)	(990)
Profit retained in the subsidiary	-	-

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

Administrative expenses include charges of £1,124,000 (£1,022,000 - 2012) from the Museum.

Profits on ordinary activities after taxation of £352,000 (£990,000 - 2012) have been distributed as Gift Aid to the Charity.

	2013 £'000	2012 £'000
Current Assets	1,405	1,369
Current Liabilities	(846)	(810)
Total current assets less current liabilities	559	559

	2013 £'000	2012 £'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

	2013	2012
	£'000	£'000
Trading income	1,779	1,671
Income from other commercial activities	793	1,296
Trading income per SOFA	<u>2,572</u>	<u>2,967</u>
Administrative expenses & cost of sales	2,223	1,981
Intercompany transactions	(1,124)	(1,022)
Trading costs per SOFA	<u>1,099</u>	<u>959</u>
Investment income	3	4
Intercompany transactions	-	-
Investment income included within SOFA	<u>3</u>	<u>4</u>

4 Activities for Generating Funds - Other

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

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 £'000	2012 £'000
Admissions	2,602	-	-	2,602	2,239
Compensation	641	-	-	641	-
Donations	110	-	-	110	164
Event Attendance	4	-	-	4	3
Membership	147	-	-	147	73
Publications	27	-	-	27	30
Recharged expenses	1,123	-	-	1,123	-
Royalties	4	-	-	4	10
Miscellaneous Other	25	-	-	25	42
	<u>4,683</u>	<u>-</u>	<u>-</u>	<u>4,683</u>	<u>2,561</u>

An amount of £641,000 was received as compensation from LOCOG for loss of earnings during the London 2012 Olympic Games.

Income of £1,123,000 was received for recharged expenses consisting of £106,000 from LOCOG for the recharge of expenditure incurred by the Museum in relation to the London 2012 Olympic Games and £1,017,000 from the Cutty Sark for recharge of staff costs for the provision of management services.

5 Investment Income

Investment income is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 £'000	2012 £'000
Dividends receivable	74	1	6	81	9
Interest receivable - Bank interest	19	-	-	19	17
Interest receivable - Fixed Term Deposits	115	1	3	119	163
	<u>208</u>	<u>2</u>	<u>9</u>	<u>219</u>	<u>189</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 & Enhance Assets £'000	Maximise Access £'000	Satisfy Stake- Holders £'000	Total Funds 2013 £'000	2012 £'000
Car Parking	14	-	-	14	18
Conferences	5	-	-	5	10
Compensation	131	-	-	131	0
Filming & Photography	12	-	-	12	42
Licensing	183	-	-	183	182
Open Museum	-	-	31	31	18
Recharges	37	-	414	451	32
Reproductions, Plans & Print Sales	25	-	-	25	37
Research	5	-	-	5	3
Revenue Grant	32	-	-	32	32
Other	25	2	120	147	144
	<u>469</u>	<u>2</u>	<u>565</u>	<u>1,036</u>	<u>518</u>

An amount of £131,000 was received as compensation from LOCOG for property damage during the London 2012 Olympic Games.

An amount of £414,000 was received from the Cutty Sark Trust for services provided to them during the 2012-13 year.

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:

	2013	2012
	%	%
Voluntary Expenses	39	43
Activities for Generating Income	12	7
Investment Expenses	1	1
Safeguard and Enhance Assets	35	34
Maximise Access	7	9
Satisfy Stakeholders	2	2
Governance	4	4

Activities	Direct £'000	Support Cost Allocation			Total £'000	Total £'000
		Directorate £'000	Finance £'000	HR £'000		
Costs of Generating Funds						
Costs of generating voluntary funds	-	405	214	330	949	1,184
Costs of activities for generating funds	3,982	169	89	138	4,378	2,554
Investment management costs	14	11	6	9	40	38
Costs of Charitable Activities						
Safeguard & enhance assets	16,176	360	190	293	17,019	16,364
Maximise access	3,052	67	36	55	3,210	3,881
Satisfy Stakeholders	2,912	67	36	55	3,070	4,241
Governance	69	45	24	36	174	173
Total Resources Expended	26,205	1,124	595	916	28,840	28,435

(a) Staff Costs	2013	2012
	£'000	£'000
Wages and salaries - Permanent Staff	11,653	10,418
Wages and salaries - Agency and Temporary Staff	292	392
Social security costs	1,047	948
Pension costs	979	862
Early retirement and termination costs	69	11
	14,040	12,631

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

	Staff	Temporary, Contract and Agency	Total	Total
			2013	2012
Costs of Generating Funds				
Costs of Generating Voluntary Funds	-	-	-	-
Costs of Activities for Generating Funds	123	-	123	63
Costs of Charitable Activities				
Safeguard & Enhance Assets	280	1	281	298
Maximise Access	22	1	23	23
Satisfy Stakeholders	15	10	25	26
Administration/Support Costs	27	-	27	29
	467	12	479	439

During the year 41 full-time equivalent staff were employed to service the new contract for the provision of management services to the Cutty Sark Trust.

The number of senior employees, including the Director, whose emoluments for the year (including taxable benefits in kind) amounted to £60,000 or over in the year were as follows:

	2013	2012
£60,000 - £65,000	3	1
£65,001 - £70,000	1	3
£70,001 - £75,000	1	1
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£90,001 - £95,000	1	-
£95,001 - £100,000	2	1
£105,001 - £110,000	-	1
£115,001 - £120,000	-	1
£130,001 - £135,000	1	-
	10	9

The highest earning Director transferred taxable benefits to their pension plan. Further information is available in the remuneration Report on page 27.

Of the ten 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 £35,067 (£33,931 - 2012) and to the NMM Group Personal Pension Plan was £56,337 (£35,605 - 2012).

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 (Aon Hewitt) 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).

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

For 2013, employer's contributions of £168,000 were payable to the PCSPS (£171,000 - 2012) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2012 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 2012-13 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 £806,000 were paid in 2013 (£686,000 - 2012) into the Group Personal Pension schemes. These are defined contribution schemes.

Other Personal Pension Scheme

Contributions of £5,000 were paid in 2013 (£4,000 - 2012) 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 27.

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2012). Expenses reimbursed (for travel and subsistence) to one Trustee amounted to £14 (£732 - five Trustees 2012).

c) Grants Made

The Museum has made in 2012-13 the following grants in relation to Safeguarding and Enhancing the Value of Assets:

		Provided in these accounts £000	Committed for 2013-14 but not provided in these accounts £000
The National Trust	i	35	35
National Maritime Museum Cornwall Trust	ii	30	-
Royal Museums Greenwich Foundation	iii	1841	-
		1906	35

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, an independent registered charity, which houses the Small Boats Collection and other assorted collection items owned by the National Maritime Museum, Greenwich.

iii. Contribution to the Royal Museums Greenwich Foundation for use achieving its charitable objectives.

8 Governance

	2013 £'000	2012 £'000
Governance costs represent the meeting of the Effective Organisation and Sound Financial Management objective and are made up of:		
External Audit	39	37
Internal Audit	26	24
Apportionment of Support Costs	109	112
	174	173

The external audit fee of £39,000 (£37,000 - 2012) does not include any fees for non-audit work.

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

	2013	2012
	£'000	£'000
Net movement in funds	2,032	(667)
Net movement in funds includes the following charges:		
Auditors' remuneration - for Museum (within Governance Costs)	39	37
Auditors' remuneration - for NMME and Trusts (within Costs of Generating Funds)	15	15
Lease rental payments on land and buildings	321	332
Lease rental payment - other	55	10
Movement in provision for bad debts	9	3
Loss on Disposal of Assets	2	5
Depreciation	4,538	3,798

10 Tangible Fixed Assets

	Freehold		Computer &		Assets		
	Land and	Fixtures &	Plant &	Network	Motor	under	
	Buildings	Fittings	Equipment	Equipment	Vehicles	Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
At 1 April 2012	99,253	15,791	5,096	2,884	144	493	123,661
Additions	631	858	216	312	-	1,783	3,800
Disposals	-	(40)	(69)	(180)	(35)	-	(324)
Transfers Between Asset Class	-	391	-	-	-	(391)	-
Revaluation gain	121	-	-	-	-	-	121
At 31 March 2013	100,005	17,000	5,243	3,016	109	1,885	127,258
Accumulated depreciation:							
At 1 April 2012	-	10,072	2,394	2,335	110	-	14,911
Depreciation Charge for the year	2,186	1,256	862	225	9	-	4,538
Disposals	-	(40)	(69)	(179)	(34)	-	(322)
Revaluation gain	(2,186)	-	-	-	-	-	(2,186)
At 31 March 2013	-	11,288	3,187	2,381	85	-	16,941
Net Book Value at 31 March 2013	100,005	5,712	2,056	635	24	1,885	110,317
Net Book Value at 31 March 2012	99,253	5,719	2,702	549	34	493	108,750

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 Land and Buildings have been professionally valued at 31 March 2013 by external valuers, Gerald Eve LLP, Chartered Surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors and FRS15 - The Financial Reporting Standards for Tangible Fixed Assets. This was a review based, interim valuation. The next full valuation is due to take place for the year ending 31 March 2017.

The Land and Buildings of the main Museum and the Royal Observatory, Greenwich have been revalued using the Depreciated Replacement Cost basis applicable to specialised buildings and on the basis that the Museum is a going concern. 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 review based valuation was carried out on the following assets for 2012-13

	Cost Revaluation	
	£'000	£'000
Main site - Land and Buildings	82,350	81,730
Royal Observatory - Land and Buildings	14,158	15,690
The Brass Foundry - Land and Buildings	331	631
Kidbrooke Stores - Land and Buildings	1,448	1,954
	98,287	100,005

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

	2013	2012
	£'000	£'000
Contracted for but not provided in the accounts	294	530

The commitments relate to the purchase of a new admissions ticketing system and the development of permanent gallery spaces.

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 collection held at 31 March 2013 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

Maritime Art/Decorative Art; Maritime Science and Technology; Maritime History; History of Greenwich.

Collections

Archaeology, Applied and Decorative Arts, Coins, Medals and Heladry, Ethnography, Relics and Antiquities, Tools and Ship Equipment, Cartography, fine Arts, Science and Technology, Weapons and Ordnance, Photographs and Film, Ship Plans and Technical Records, Boats and Ship Models, Caird Library and Archive.

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 Collections and Curatorial Department, Collections Management section. This is supported by considerable liaison with the Conservation and Preservation, Curatorial, Archive and Library and Digital Media sections.

The day-to-day activities of these departments are shaped by the NMM'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 and in temporary exhibitions.

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 processes, risk and logistics for loans and the acquisition of Collection objects and other cultural artefacts, upholding standards and public accountability and advising on relevant applicable law and the regulatory environment.

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/TRIM reference NMM12/13389.

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, 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 and by the Loans Committee. 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 2009

Cost or Valuation:	2009	2010	2011	2012	2013
	£'000	£'000	£'000	£'000	£'000
As at 1 April	3,951	4,172	4,588	4,862	8,927
Collection Addition - Purchased	109	125	31	164	632
Collection Addition - Donated	112	291	243	3,901	525
As at 31 March	4,172	4,588	4,862	8,927	10,084

13 Investments

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Quoted Investments				
Market value at 1 April 2012	3,966	3,995	3,966	3,995
Additions	101	1,318	101	1,318
Disposal Proceeds	-	(1,322)	-	(1,322)
Net Gain/(Loss) on revaluation	590	(25)	590	(25)
Market value at 31 March 2013	4,657	3,966	4,657	3,966
Historical cost as at 31 March 2013	3,689	3,588	3,689	3,588
Unquoted Investments:				
Cost as at 31 March 2013	-	-	500	500
Total Investments	4,657	3,966	5,157	4,466

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 Financial Assets £000	Fixed Financial Assets £000	Assets Earning Equity Return £000	Weighted Average Fixed Int Rate	Weighted Average Period for Which Rate Is Fixed
Year ended 31 March 2013 - Sterling	14,384	2,071	7,656	4,657	1.3%	3 Months
Year ended 31 March 2012 - Sterling	17,484	3,925	9,593	3,966	1.6%	3 Months

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

Reconciliation to the Balance Sheet

	2013 £'000	2012 £'000
Cash	2,071	3,925
Investments (Current Assets)	7,656	9,593
Investments (Fixed Assets)	4,657	3,966
Total	14,384	17,484

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 £747,000 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 £3,215 (£561 - 2012). Of the £747,000 trade debtors £228,000 relates to the service level agreement in place with the Cutty Sark Trust. This is not considered to be of high risk.

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

	Group		Charity	
	2013	2012	2013	2012
	£000	£000	£000	£000
Goods for resale	378	349	49	30

16 Debtors: Amounts falling due within one year

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	691	161	258	120
Amount owed by subsidiary	-	-	352	390
Prepayments	681	369	677	364
Taxation (VAT)	334	448	334	448
Accrued income	553	370	509	325
Other debtors	156	52	121	51
Total	2,415	1,400	2,251	1,698
Balances with Central Government Bodies	363	448	363	448
Balances with local authorities	5	5	5	5
	368	453	368	453
Balances with bodies external to government	2,047	947	1,883	1,245
Total	2,415	1,400	2,251	1,698

Of the £691,000 trade debtors £228,000 relates to the service level agreement in place with the Cutty Sark Trust.

Accrued income includes £454,000 of income due from restricted grant funding for specific projects undertaken by the Museum in the 2012-13 year.

Other debtors includes £71,000 of unrepresented credit card income (£15,000 - 2012). This increase is due to the increased activity in relation to the selling of Cutty Sark admissions tickets via the Museum.

17 Creditors: Amounts falling due within one year

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	1,573	1,620	1,545	1,572
Other creditors	87	12	117	28
Taxation and social security	281	316	270	256
Accruals	3,639	5,227	3,600	5,185
Deferred income	572	341	212	71
Total	6,152	7,516	5,744	7,112
Balances with Central Government Bodies	549	316	538	256
Balances with local authorities	30	-	30	-
	579	316	568	256
Balances with bodies external to government	5,573	7,200	5,176	6,856
Total	6,152	7,516	5,744	7,112

At 31 March 2012 the accruals figure included final payments due for the Sammy Ofer Wing project. There are no major project accruals in 2013 which has resulted in a large reduction in the accrual value.

18 Operating Leases

As at 31 March 2013 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Buildings				
- Within one year	-	-	-	-
- In the second to fifth year	-	-	-	-
- After five years	363	363	363	363
Total	363	363	363	363
Other				
- Within one year	1	8	1	8
- In the second to fifth year	13	12	13	12
- After five years	-	-	-	-
Total	14	20	14	20

19 Restricted Funds

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

	Balance 1 Apr 2012	Income	Expenditure	Gains/ (Losses)	Transfers	Balance 31 Mar 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Land and Buildings Fund	93,416	-	(2,186)	-	631	91,861
Revaluation Reserve	5,837	-	-	2,307	-	8,144
Sammy Ofer Wing Fund	50	-	-	-	(50)	-
Special Purpose Funds	-	2,054	(2,054)	-	-	-
Collections Capital Fund	8,927	525	-	-	632	10,084
National Historic Ships Unit Fund	-	242	(242)	-	-	-
No. 3 Trust Fund - Sackler Caird Fund	24	-	-	-	-	24
No. 3 Trust Fund - Anderson Fund	71	37	(21)	4	-	91
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
Total Restricted Funds including Fair Value Reserve	108,330	2,858	(4,503)	2,311	1,213	110,209

The above fund includes a balance of £13,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2013.

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.

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 and is the value of capitalised heritage assets.

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.

The Fair Value Reserve (for Restricted, Unrestricted and Endowment Funds) represents the difference between the historical cost of the investments and their market value at 31 March 2013.

Description of main transfers between funds

The Land and Buildings Fund movement provides for a transfer for additions of land and buildings paid for from the General Fund.

The Collections Capital Fund movement provides for the relocation of the purchase of Heritage Assets from the General Fund.

20 Unrestricted Funds

	Balance 1 Apr 2012	Income	Expenditure	Gains/ (Losses)	Transfers	Balance 31 Mar 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible Asset Fund	9,497	-	(2,340)	-	3,155	10,312
Designated Capital	-	1,633	-	-	(1,633)	-
Galleries Masterplan Fund	976	-	-	-	(976)	-
Caird Fund	1,092	19	(44)	107	-	1,174
Development Fund	5,846	112	(354)	411	-	6,015
No. 3 Trust Fund	506	9	(2)	23	-	536
Trading Funds	59	2,575	(2,223)	-	(352)	59
Designated Funds	17,976	4,348	(4,963)	541	194	18,096
General Funds	2,485	20,760	(19,356)	1	(1,407)	2,483
	20,461	25,108	(24,319)	542	(1,213)	20,579

The above fund includes a balance of £901,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2013.

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 Designated Capital and the Galleries Masterplan reserves for spend on fixed assets during the year.

The Designated Capital fund movement provides for the transfer of the capital Grant in Aid received which has been used for the purchase of tangible assets during the year.

Transfers out of the Galleries Masterplan Fund provides for expenditure from the general fund for ongoing permanent gallery developments.

The transfers out of the Trading Funds represents the transfer of the profit as Gift Aid to the Charity.

21 Endowments

	Balance 1 Apr 2012	Income	Expenditure	Investment Gains	Balance 31 Mar 2013
	£'000	£'000	£'000	£'000	£'000
Permanent endowments:					
The Caird Fund	445	7	(17)	44	479
The Sackler Fund	158	2	(1)	-	159
	603	9	(18)	44	638

The above fund includes a balance of £54,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2013.

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.

22 Analysis of Group Net Assets between Funds

	Unrestricted Designated Funds	Unrestricted General Funds	Restricted Funds	Endowment Funds	Total 2013
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2013 are represented by:					
Heritage Assets	-	-	10,084	-	10,084
Tangible Fixed assets	10,312	-	100,005	-	110,317
Investments	3,899	-	120	638	4,657
Current assets	10,037	2,483	-	-	12,520
Creditors: Amounts falling due within one year	(6,152)	-	-	-	(6,152)
Group Net Assets	18,096	2,483	110,209	638	131,426

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

Reconciliation of movements

in unrealised gains on land and buildings:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2013
	£'000	£'000	£'000	£'000
Unrealised gains at 1 April 2012	-	5,837	-	5,837
Net gain arising on revaluation	-	2,307	-	2,307
Unrealised gains at 31 March 2013	-	8,144	-	8,144

Reconciliation of movements

in unrealised gains on investments:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2013
	£'000	£'000	£'000	£'000
Unrealised gains at 1 April 2012 (Restated)	359	9	10	378
Net gain arising on revaluations	542	4	44	590
Unrealised gains at 31 March 2013	901	13	54	968

23 Reconciliation of net incoming resources to net cash inflow from operating activities		2013	2012
		£'000	£'000
Net (outgoing)/incoming resources		(865)	3,852
Donated Objects	Note 3	(525)	(3,901)
Depreciation charges	Note 10	4,538	3,798
Investment income	Note 6	(219)	(189)
Increase in stock	Note 15	(29)	(12)
(Increase)/Decrease in debtors	Note 16	(1,015)	5,786
(Decrease)/Increase in creditors	Note 17	(1,364)	1,916
Decrease in provisions		-	(17)
Loss on Disposal of Fixed Assets	Note 10	2	7
Net cash inflow from operating activities		<u>523</u>	<u>11,240</u>

Reconciliation of increase in cash to movement in net funds		2013	2012
		£'000	£'000
(Decrease)/Increase in cash in the period		(1,854)	652
(Decrease)/Increase in liquid resources in the period		(1,937)	1,741
Change in net funds resulting from cash flows		<u>(3,791)</u>	<u>2,393</u>
Net funds at 1 April 2012		13,518	11,125
Net funds at 31 March 2013		<u>9,727</u>	<u>13,518</u>

Analysis of net funds	At		At
	1 Apr 2012	Cashflow	31 Mar 2013
	£'000	£'000	£'000
Held at Commercial Banks	3,917	(1,862)	2,055
Held at Government Bank Service	1	-	1
Cash in Hand	7	8	15
Liquid resources - Short Term Deposit	9,593	(1,937)	7,656
Net funds	<u>13,518</u>	<u>(3,791)</u>	<u>9,727</u>

24 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.

		2013	2012
		£'000	£'000
Grant in Aid received		15,215	15,501
Capital Grant in Aid received		1,633	1,757
Total received from DCMS	Note 2	<u>16,848</u>	<u>17,258</u>

b) The Heritage Lottery Fund

The National Maritime Museum did not receive any lottery grants from the Heritage Lottery Fund in the year (£755,000 - 2012). 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.

		2013	2012
		£'000	£'000
Capital Grants received from the Heritage Lottery Fund	Note 2	<u>-</u>	<u>755</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:

Related Party	Nature of Relationship	Value of income received during the year £'000	Value of expenditure during the year £'000	Nature of transaction
Royal Museums Greenwich Foundation	E Boddington, a Trustee of the related party, served as a Trustee during the year	583	-	Grants received
Imperial War Museum	C Lintott, who provided research assistance to the related party, served as a Trustee during the year	16	-	Expenditure recharges - shared rental expense
Cutty Sark Trust	Lord Sterling, a Trustee for the related party, served as Chairman of Trustees during the year.	11	-	Expenditure recharges
BBC	C Lintott, freelancer for the related party, served as a Trustee during the year.	9	-	Income from image use
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year	4	-	Income from image use
Greenwich Foundation for the Old Royal Naval College	Sir R Crawford, Chairman of the related party, served as a Trustee during the year	3	-	Expenditure recharges - shared Youth Summit expenses
Royal Museums Greenwich Foundation	E Boddington, a Trustee of the related party, served as a Trustee during the year	-	1,841	Grants made
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year	-	119	Rental at No1 Smithery, Chatham
British Library Development Board	Sir J Guinness, a Member of the related party, served as a Trustee during the year	-	31	Costs for staff secondment and image use
Greenwich Foundation for the Old Royal Naval College	Sir R Crawford, Chairman of the related party, served as a Trustee during the year	-	8	WHS costs
BBC	C Lintott, freelancer for the related party, served as a Trustee during the year.	-	3	Film licence and digitisation charges
Clore Leadership Programme	M Sarna, a fellow of the related party, served as a Director during the year.	-	2	Staff training and development
Goldsmiths University of London	G Crossick, a consultant for the related party, served as a Trustee during the year.	-	2	Staff training and development
Museums Association	K Fewster, a Member of the related party, served as Director during the year	-	2	Conference and membership costs
National Museum of the Royal Navy	Sir R Crawford, Trustee of the related party, served as a Trustee during the year	-	1	Grant from NHSC
ICOM	K Fewster, a Member of the related party and whose wife is the chair for the related party, served as Director during the year	-	1	Membership costs
		626	2,010	

At the year end there is a creditor balance of £1,871,000 with the Royal Museums Greenwich Foundation.

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £348 and expenditure of £961.

25 Contingent Liabilities

The Museum had no contingent liabilities at the year end.

26 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.

27 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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