

National Maritime Museum Annual Report and Accounts 2013-2014

National Maritime Museum Annual Report and Accounts 2013-2014

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

Ordered by the House of Commons to be printed on 17 July 2014



© Crown copyright 2014

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence v.2. To view this licence visit www.nationalarchives.gov.uk/doc/open-government-licence/version/2/ or email PSI@nationalarchives.gsi.gov.uk Where third party material has been identified, permission from the respective copyright holder must be sought.

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at Park Row, Greenwich, London SE10 9NF, United Kingdom marked for the attention of the Trustees of the National Maritime Museum.

Print ISBN 9781474107372

Web ISBN 9781474107389

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

ID 17061401 07/14

Printed on paper containing 75% recycled fibre content minimum

**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

CONTENTS

i	Statutory Background and History	1
ii	Mission, Aims and Values	2
1.	Chairman's Foreword	3
2.	Director's Statement	4
3.	Review of activities, achievements and performance 2013-14	5
4.	Sustainability report	22
5.	Future priorities	26
6.	Workforce and Employment	28
7.	Remuneration Report	31
8.	Reference and administrative details	35
9.	Supporters of the National Maritime Museum 2013-14	37
10.	Financial Review	40
11.	Statement of the Board of Trustees' and the Accounting Officer's Responsibilities	44
12.	Governance Statement	45
13.	The Certificate and Report of the Comptroller and Auditor General	55
14.	Consolidated Statement of Financial Activities	57
15.	Balance Sheets as at 31 March 2013	58
16.	Consolidated Cash Flow Statement	59
17.	Notes to the Consolidated Accounts	60

i STATUTORY BACKGROUND AND HISTORY

The National Maritime Museum at Greenwich is the largest maritime museum in the world. Founded by the National Maritime Museum Act of 1934, modified by the 1989 Act, the Museum includes the Queen's House and the Royal Observatory, Greenwich. The Museum is honoured that HRH The Duke of Edinburgh is its Patron.

The Museum's three sites are open 362 days a year and in 2013–14 welcomed their highest-ever number of visits, nearly 2.5 million, 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 Flamsteed House.

The National Maritime Museum is an exempt charity and an Executive Non-Departmental Public Body. In 2013–14, it had an annual income of some £31.74 million and a staff of 504 full-time equivalents, under the Board of Trustees, the Director, and an Executive. They uphold diversity and equal opportunities for all.

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 *Time and Space* major capital project at the Royal Observatory 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, 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 is also a key component of 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.

ii MISSION, OBJECTIVE AND AIMS

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

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

The Museum's overall **Objective** is to:

Stimulate people's curiosity – the trigger for discovery and learning

The Museum's four **Primary Aims** are to:

- 1. Put visitors first.**
Create inspiring experiences that transform people's understanding of our subjects and collections.
- 2. Value our heritage.**
Care for and develop our unique collection and world historic sites.
- 3. Extend our reputation.**
Maximise our reach to and impact on local, regional, national and international audiences and stakeholders.
- 4. Strengthen our organization.**
Grow our expertise, increase revenues, control costs and manage risks.

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.

1. CHAIRMAN'S FOREWORD

I am personally delighted to have joined the Museum at such a high point in its journey. The results of the 2013–14 year are a manifestation of how everyone in the Museum has worked so hard together for the benefit of the public. The Board and I thank them for it. In particular, we are grateful to Lord Sterling for his outstanding commitment to the Museum and for the many successes achieved in his eight years as Chairman.

As a seafarer myself, I believe there is no better example of our nation's maritime prowess than Captain James Cook. 2018 will mark the 250th anniversary of the first of Cook's three great voyages of exploration, in H.M. Bark *Endeavour*. This will be commemorated in Australia, New Zealand, many islands of the Pacific as well as in Britain. As the largest repository of collections relating to James Cook and his expeditions, Royal Museums Greenwich will take its place at the centre of these celebrations with the significant new **Endeavour project**.

A major component of the Endeavour project comprises some 1,000m² of new galleries. At the National Maritime Museum these galleries will focus on the inspiring theme of exploration while, in a new development at the Royal Observatory, displays will concentrate on the parallel stories of navigation and timekeeping technologies. Each of these elements is central to the story of Britain and the sea. Moreover, this will enable us to strengthen the thematic links between the Royal Observatory with the National Maritime Museum – a key story here will again be James Cook and his role in the advancement of science (particularly the observation of the Transit of Venus in 1769), providing visitors with stories that connect with both sites.

This exciting project will also allow us to reflect changing attitudes towards science; contextualize displays of the Museum's most recent major acquisitions, the two paintings by George Stubbs - *The Kongouro from New Holland* and *Portrait of a Large Dog (Dingo)*; and bring fresh insights to the interpretation of exploration and navigation for today's audiences. The new galleries will not only show our unrivalled material but we will also combine interpretation techniques with new research to connect people in accessible ways with this important but complex subject.

The project will also remedy shortcomings that our visitors have identified in our current offering at both the National Maritime Museum and the Royal Observatory. In developing the solutions, we will continue to engage with our local communities, our traditional audiences and actively seek the opinions of non-visitors, to ensure that what we create will truly excite and inspire and increase visitor enjoyment. Based on our track record to date, we are confident that we can not only meet these challenges, subject to funding and fundraising, but that we can also provide increased visitor numbers with the environment, programmes and displays that will stimulate and refresh people's curiosity.

This exciting project will focus the whole Museum in an endeavour that will create new platforms for learning and display. In its totality, the project offers a great range of opportunities for sponsors.

The Trustees and I recognise there are financially challenging years ahead. We are, however, committed to providing the public with the best possible offer we can from our resources in order to give people inspiring experiences that transform their understanding of our subjects and collections.

Sir Charles Dunstone, Chairman of the Board of Trustees

24 June 2014

2. DIRECTOR'S REVIEW

In 2013–14 visitation to Royal Museums Greenwich (including *Cutty Sark*) totalled 2.8m, the highest figure ever achieved in the Museum's nearly 80-year history. Even if the *Cutty Sark* attendance figure, 308k, is removed to provide a like-for-like comparison with previous years, the total figure across our three long-standing sites was nearly 2.5 million, an all-time record. Both the National Maritime Museum and the Peter Harrison Planetarium achieved record attendance numbers: over 1.5million at NMM and 164k at the Planetarium. www.rmg.co.uk also performed strongly, receiving 10% more visits than in 2012–13.

Our major exhibition, *Turner & the Sea*, the most ambitious art exhibition ever staged by the Museum, attracted large crowds, great critical reviews and strong media attention. Visitor numbers drawn from beyond the Museum's traditional boundaries passed 131,000 and had a very positive impact on our admissions and secondary spend on retail and catering.

The strategic importance of growing this self-engendered income through paid-for exhibitions is on-going in order to offset the continual reductions in our Grant-in-Aid funding over the years since 2011–12 and which will continue at least to 2015–16. The Trustees are instigating plans to minimize the inevitable public-facing impact of this reduction in Grant-in-Aid while continuing to provide free access to the national collection.

This was also the year of the acquisition of the great Stubbs' paintings. In terms of purchase price, this is the largest in the Museum's history and it was made possible by huge support from the Eyal Ofer Family Foundation, the Heritage Lottery Fund, the Monument Trust, the Art Fund, the Sackler Trust, and many others to all of which we are all very grateful.

As a national museum we also work hard with our many stakeholders and I select the following as exemplars of our local, national and international cultural exchange to build relationships which help develop the culture sector in this country and assist export promotion in that sector:

The Museum partnered the BBC in a new 4 part television documentary series '**Britain and the Sea**' by David Dimbleby. The first episode went on air in the prime viewing slot of 9pm Sunday, 17 November on BBC 1.

On 6 December, the Museum held a **Loans seminar for regional museums** to discuss partnership opportunities and encourage loans from our collection. The seminar was booked to capacity and received very positive feedback from attendees.

The **National Historic Ships Shipshape Skills Project** has been awarded grants totalling nearly £300k (£262k from the Heritage Lottery Fund) to fund 20 trainees based at 5 centres across the UK to undertake training in basic boat building and conservation and traditional rig handling.

I have been elected President of the **International Congress of Maritime Museums**, the international organisation for maritime museums, for the next 2 years, 2013–15. This is the first time since the mid-1970s that Greenwich has hosted this role.

Finally but most importantly I am very pleased to thank every member of staff and all our volunteers for all the great contributions that they have made over the past 12 months. As a result of everyone's hard work and dedication, the Museum has enjoyed its best ever year.

Dr Kevin Fewster, A.M., Director

3. REVIEW OF ACTIVITIES, ACHIEVEMENTS & PERFORMANCE, 2013–14

The following section is a brief review of the activities and achievements of 2013–14 (so necessarily contains only a selection of the Museum's work over the year), all of which contribute to fulfilling the Museum's Objective to Stimulate people's curiosity. The section is structured in accordance with the Museum's four Primary Aims.

3.1 To put visitors first.

Create inspiring experiences that transform people's understanding of our subjects and collections.

Temporary Exhibitions:

***Turner and the Sea* (22 November 2013–21 April 2014)**

Turner and the Sea was the first full-scale examination of J.M.W. Turner's lifelong fascination with the sea. Dramatic, contemplative, violent, beautiful, dangerous and sublime – the sea was the perfect subject to showcase Turner's singular talents, and the 120 pieces displayed included some of the most celebrated paintings of the artist's long career. The exhibition featured items on loan from some of the world's most prestigious artistic institutions including The National Gallery, Tate, Yale Center for British Art, British Museum, Metropolitan Museum of Art, Royal Collection Trust, Calouste Gulbenkian Foundation, Lisbon and National Gallery of Art, Washington. The exhibition proved exceptionally popular with visitors, attracting over 131,000 visits during its run.

***Visions of the Universe* (7 June–15 September 2013)**

Visions of the Universe charted the development of astronomical imaging, revealing the role that astronomers played in pushing forward the technology of cameras and telescopes so that we can see the weather on distant planets and look beyond the Milky Way into galaxies beyond. Visitors to the exhibition could take a visual trip through our solar system encountering images of the Moon, Sun, the planets and deep space, before coming back to Earth to a selection of images that reflect our fascination with the night sky. The photographs on display included the latest cutting edge images captured by NASA, the Russian space programme and some of the greatest telescopes in the world, as well as highlights from the last four years of the Museum's Astronomy Photographer of the Year competition. The exhibition welcomed more than 70,000 visitors during its run and received positive comments from visitors.

***Ansel Adams: Photography from the Mountains to the Sea* (9 November 2012–28 April 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.

***From Stars to Satellites* (8 March–30 September 2014)**

This display explores the history of satellite navigation, from its origins in stargazing and science fiction to the launch of the ground-breaking European 'Galileo' satellite navigation system in 2014. Visitors are able to discover the links and legacies between astronomy, longitude and satellites, bringing the longitude story into the 21st century and giving consideration to how 'satnav' has changed the world.

Astronomy Photographer of the Year (19 September 2013–23 February 2014)
This annual competition was arranged in collaboration with our media partner, the BBC magazine *Sky at Night*, and was the culmination of an astrophotography competition run by the Museum throughout 2013. In its fifth year, the exhibition displayed at the Royal Observatory attracted a wide range of media attention and received over 1,200 entries, the highest number to date. The competition has become a fixture on stargazers' agendas across the globe and continues to attract an ever-increasing amount of national and international media coverage.

Alice Kettle: The Garden of England (14 March–18 August 2013)
Showcased in the Queen's House, *The Garden of England* was a series of three new works by major British textile artist Alice Kettle. Drawing on the Museum's portrait collection, *The Garden of England* looked at the queens and courtiers involved with the Queen's House, and its original setting as a garden retreat. The exhibition captured the richness and flamboyance of the Stuart court and was the inaugural project of the Museum's contemporary arts programme.

War Artists at Sea (15 February 2014–February 2015)
Showcasing the very best of Royal Museums Greenwich's collection of First and Second World War art, this display includes visually arresting and moving portraits, battle scenes, and depictions of everyday life during conflict. Charged with the task of revealing a 'truth' that went beyond the simple recording of events, official war art served the purposes of commemoration, instruction, documentation and propaganda as well as raising morale at home and at the front.

Yinka Shonibare MBE at Greenwich (18 September 2013–23 February 2014)
Following the acquisition of *Nelson's Ship in a Bottle* in 2012 the Museum invited Yinka Shonibare MBE to collaborate with Royal Museums Greenwich in 2013. The vibrant pieces created by Mr Shonibare and placed on show at Greenwich encouraged visitors to look at our collections with fresh eyes, and to ask different questions about our maritime and stargazing past. The art works explored trade and empire, commemoration and national identity, themes that are central to both Mr Shonibare's work and the Museum's collections.

Alien Revolution (1 March–8 September 2013)
From the writings of 16th-century astronomer Nicolaus Copernicus to modern-day scientists still searching for life amongst the stars, this exhibition took a 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* explored 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.

Arctic Convoys (19 October 2011–December 2014)
This display examines the Arctic Convoys of World War II - what they were, why they went, what the voyages were like, how the convoys were protected and the Russian reception of Allied convoys at Archangel and Murmansk.

The gallery uses clothing designed to wear on the Arctic convoys, ship models and ships' badges alongside oil paintings and reproductions of photographs from the NMM's collections.

Broadsides! Caricature and the Navy 1756–1815 (19 October 2012–30 April 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.

Permanent Galleries:

Nelson, Navy, Nation: the story of the Royal Navy and the British people, 1688–1815

Nelson, Navy, Nation is a major new permanent gallery at the National Maritime Museum. Opened on Trafalgar Day (21 October 2013), it looks at how the Royal Navy shaped individual lives and the course of British history over the tumultuous 18th century – a period when the Navy became a greater focus of public life than ever before and sea-faring heroes were national celebrities.

Nelson, Navy, Nation brings together over 250 objects from the Museum's collections, including exceptional works of art such as Devis's *Death of Nelson* and William Hogarth's *Captain Lord George Graham in his Cabin*; little known treasures like Gabriel Bray's shipboard watercolours; and iconic items such as Nelson's uniform from the Battle of Trafalgar.

The Great Map

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 infamous and exciting events in Britain's maritime history. *The Great Map* opened to the public in late August 2013 and allows visitors of all ages to walk across the map's surface and use a touch-screen tablet to uncover stories of female pirates, Scott's Antarctic expedition and many more, to play interactive games, and to 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 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, experience is especially suitable for families and uses real-time ship data provided by AISHub and VesselFinder.

RE-THINK

RE-THINK is an exciting new opportunity at the National Maritime Museum, giving visitors the space to explore, discover and reflect on the themes of the Museum, and create responses within the gallery. The Museum's first exhibition in this new space opened in February 2014, and invites visitors to look again at *Nelson's Ship in a Bottle* by Yinka Shonibare MBE. Thanks to funding from the Art Fund, Maria Amidu is the Artist in Residence, developing a collective making project about the people who have gone unrecorded in the narrative of the British Empire.

Flamsteed House

The entrance gallery of Flamsteed House was redesigned and installed during the year. The Astronomer's apartments were also refreshed and given new interpretation as part of a revitalized visitor experience.

Maritime London

The *Maritime London* gallery was refreshed with new objects and graphics in November 2013.

Royal Observatory, Greenwich: Science Learning & Public Engagement

The Museum's new Space Spectacular weeks launched in 2013–14; these three weekends coincide with International Space Week (Autumn 2013), National Science and Engineering Week (Spring 2014) and the lead-up to the Summer Solstice (Summer 2014). These weeks include a brand new challenge workshop, MoonBots, for secondary students and the science theatre show *Atoms to Aliens* (a show that was developed in house) for primary students. The feedback from both was very positive and feedback from teachers informed the Museum that themed weeks like this are suiting their students' needs as well as stimulating their curiosity.

The Museum also distributed a short show promoting the *Astronomy Photographer of the Year* competition to increase participation amongst amateur astronomy photographers. The show was taken on by more than a dozen institutions with planetarium in the UK and overseas and was shown on six continents.

Formal Learning

The Royal Observatory saw a record year for formal learners, with more than 29,000 pupils aged 4-18 taking part in the ROG schools programme. This was very close to the absolute maximum capacity for the site. To counteract this, the Museum introduced an innovative new out-of-school-hours 'Think/Space' programme, which combines guest lectures with telescope observing sessions. This has proven extremely popular with teachers and pupils and has expanded the impact and capacity of the Museum's offer for secondary schools.

Informal Learning

The Museum's popular telescope observing programme, *An Evening with the Stars*, is managing to maintain previous levels of income generation despite a 50% reduction in the number of sessions. This is due to new efficiency measures that have halved delivery costs and workloads associated with the programme.

On the evening of 9 January 2014 three of the Museum's Astronomy team - Marek Kukula, Liz Roche and Brendan Owens - ran astronomy outreach activities at the BBC Stargazing Live London event, held on the Royal Holloway campus to accompany the BBC2 series. Over the evening they spoke to around 2,500 people and handed out flyers promoting the Royal Observatory's schools and public programmes.

The Museum's year of longitude-themed exhibitions and displays began with the opening of *From Stars to Satellites* on 8 March 2014. To coincide with this the European Space Agency & UK Space Agency held a VIP/media event at the Royal Observatory on 6 March 2014 to inaugurate the new Galileo satellite navigation system. Also associated with the display, in partnership with publishers Jurassic London, the Museum will be reprinting *The Brick Moon*, a nineteenth century science fiction story, with a new introduction by Richard Dunn and Marek Kukula.

Peter Harrison Planetarium shows

A collaboration with the Google Lunar X-Prize team, responsible for the \$60m science prize offered to the first private group to land a robot on the Moon, has resulted in a free license for the planetarium show '*Back to the Moon for Good*'. This show begins with the Longitude Prize and will be shown at the same time as the exhibition *Ships, Clocks and Stars* is on display at the Sammy Ofer Wing.

Undiscovered Worlds - this new show produced by Boston Science Museum entered the Planetarium programme in October 2013. This show was seen at the International Planetarium Conference and was identified as the best available show on the market.

Captured Starlight - this new live show is linked to the *Astronomy Photographer of the Year* competition (APY) and is based on a combination of the APY short show and our traditional 'Sky Tonight' offer.

Digital Media

Nelson, Navy, Nation opened with a suite of interactives available which have so far proven popular with visitors. The gallery has been promoted with a new digital signage animation, the first time for a permanent gallery at the Museum, and an online video quiz which will be used across social media channels.

Browsing the Collections interface has been launched on the Compass screens in the Compass Lounge and on the Streets in Neptune's Court. In addition, a new zoom function was launched on the Collections website.

NMM learning and public programmes

The summer 2013 school holiday programme was dedicated to exploring the themes of *Nelson's Ship in a Bottle*. The season called 'Message in a Bottle' included a performance by a new actor character called 'John Simmons: a sailor's Trafalgar story' – this character was developed with the assistance of descendants of the real John Simmons. It also included a walking trail between the Museum and Trafalgar Square.

Informal Learning and Access

A host of new activities and revisions to our established programmes celebrated the opening of the *Nelson, Navy, Nation* gallery in October 2013. These were all well-attended with record numbers attending the programme in the October half-term:

- *Trafalgar Day*: a range of events, tours and talks to celebrate the opening of the new gallery; these included talks in the Archive and a pub quiz in the nearby Trafalgar Tavern.
- *Maritime Lecture Series*: a programme dedicated to the themes of the gallery delivered by NMM curators and external speakers including Dr Sam Willis and Professor Andrew Lambert.
- *Island Nation*: half-term family events related to exploring the themes of the new gallery including actor programmes, storytelling, creative hat making workshops and archive sessions.
- *Music of the Sea*: a season of traditional maritime folk music events co-curated by the English Folk Dance and Song Society – a programme developed by learning and research with gallery performances alongside musical lectures and dance workshops.

Other Learning and Interpretation events

- *Diwali celebrations*: Diwali celebrations took place on 9 November 2013 at the National Maritime Museum. Using the collections in the *Traders* gallery, this day celebrated the Festival of Lights and British Asian heritage and was yet again a highly successful programme, attracting around 1,000 people of diverse heritage.
- *Lost at Sea*: this was a late event to celebrate the opening of *Turner and the Sea*, programmed in partnership with the Thames Festival. The evening was a huge success and was the highest attended late event for a temporary exhibition to date, with nearly 2,000 visitors booking in advance for the evening.
- *February 2014 events*: these included 'Love in the Archives' for Valentine's Day, a performance of Emma Hamilton's 'Attitudes' in the Queen's House, and the Museum's annual Chinese New Year celebrations, which in addition to the established programme saw a new workshop added, Chinese sailing ship making, inspired by the *Traders* gallery.

3.2 To value our heritage. Care for and develop our unique collection and world historic sites.

Acquisitions

During the year the Museum made several significant acquisitions for the Collection.

The first of these was the two paintings by George Stubbs, *The Kongouro from New Holland* (Kangaroo) and *Portrait of a Large Dog* (Dingo), both dated 1772.

These paintings will provide the Museum with a platform to launch its Endeavour project, culminating in 2018 with many more galleries and collections on display for our visitors. The £4.45m acquisition of these renowned and internationally significant paintings would not have been possible without the generous support of several key individuals, in particular Mr Eyal Ofer, and trusts and foundations – the Museum is very grateful to those who supported the acquisition.

The Museum also purchased at auction the Gibson of Scilly Collection. This photographic archive totals approximately 3,000 items, detailing shipwrecks and containing related images captured by four generations of the Gibson family of photographers between 1872–1997. Also acquired was Alexander and Herbert Gibson's manuscript ledger on the shipwrecks of Cornwall and the Isles of Scilly, 1876–77.

Amongst other acquisitions during the year was a mid-eighteenth century gold pocket watch with experimental remontoir made by Thomas Mudge. This watch has unique features that link into John Harrison's efforts to develop a marine timekeeper and represents one of the most significant horological discoveries in recent years. It sheds new light on John Harrison's influence on the horological establishment during the 1750s, the most critical period in the development of a successful marine timekeeper.

Conservation: Queen's Presence Chamber painted ceiling

The conservation of the painted ceiling in the Queen's Presence Chamber of the Queen's House was completed this year. This involved emergency stabilisation of the paint layer, cleaning, removing over-paint and retouching missing areas. The opportunity was taken to paint the room in a colour supporting the ceiling, rehang the room with royal portraits and fitting a new lighting scheme that enhances both paintings and ceiling. The conservation element was generously supported by the Foyle Foundation.

Archive and Library

To coincide with *Visions of the Universe* exhibition the Library team helped produce a display in the Compass Lounge which included a celestial globe from 1725, a tellurium 1820–30 and a hidden gem from the Library collection: a rarely-seen map of the Moon, hand drawn by the engineer and amateur astronomer Hugh Percy Wilkins (1896–1960).

On 22 August 2013 the Library hosted three sessions for the public as part of the *Hidden Treasures* scheme, focusing on the rich collection of prints and drawings held by the Museum. There are around 70,000 items in the collections and Curator of Art Melanie Vandenbrouck talked about a selection of these relating to travel, empire, naval and maritime art and history to an audience of 40 members of the public.

Tracey Weller, the Museum's Archives Learning Officer, co-ordinated a small display of items related to the Bombardment of Algiers in 1816 which was displayed in the Compass Lounge from the 15 November 2013 to 20 April 2014.

A new display case is now installed just outside the Caird Library to highlight the range of fascinating items the Museum holds in the manuscript and printed collections. The first items on display included a discharge certificate for a mate on the *Cutty Sark*, a letter from a frigate captain during the Napoleonic Wars and the journal of a naval captain in the late 17th century. There will be a rolling programme of displays linked to the collections, exhibitions and events.

The first transcriptions of letters from the Navy Board to the Admiralty have been made available online via the Museum's archive catalogue. Transcriptions have been made by volunteers over the last year with 5 volumes completed representing 1,829 individual records between 1688–91. Now, for the first time, visitors searching the online archive catalogue will pick up ships, places and people mentioned in the letters.

Research fellowships:

Sackler-Caird Research Fellowship, 2012–2015

Dr Jessica Ratcliffe, Yale NUS College, *Archiving the Globe: science, empire and the Admiralty in the nineteenth century* (Nov 2012–Spring 2015)

Caird Senior Research Fellowships

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

Caird Short-term Research Fellowships

Dr Claire Wintle, University of Brighton, 'Ethnographic ship models at the National Maritime Museum: an object-led investigation into imperial and maritime histories' (May-July 2013)

Adrian Young, Princeton University, 'Anthropology, Pitcairn Islanders, and the making of a natural laboratory on the edge of Britain's South Seas Empire' (August-November 2013)

John Harris, The Johns Hopkins University, 'Intelligence, technology and suppression: Britain and the Atlantic Slave Trade, 1808-1870' (October-November 2013)

Sackler Short-term Research Fellowships

Dr James Caplan, Laboratoire d'Astrophysique de Marseille, *Instruments for measuring astronomical photographic plates, 1880–1980* (Oct 2012, May-July 2013)

Dr Inga Elmqvist Söderlund, Museum of the History of Science, Oxford, *Eighteenth-century astronomical demonstration instruments and user experience* (early 2013)

AHRC collaborative doctoral studentships in residence

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*

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, 2011–15*

Georgina Rannard, University of Edinburgh, *Seventeenth-century Cartography – ‘Empire and useful knowledge: mapping and charting the British Atlantic World, 1660–1720’ 2011–14*

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

Erica McCarthy, University of Hull, *Sculpture and the sea: figureheads, ship decoration and Britain’s maritime worlds , 2013-15*

Daniel Davies, Middlesex University, *Serving the Empire: P&O, design, identity and representation, 1837-1969, 2013–15*

Thames Consortium

Hannah Stockton, Queen Mary University of London, *Imperial Thames: London, River and Empire, 1660-1830, 2013–15*

Julia Binter, Oxford University, *The cultural worlds of African palm oil: trade, consumption and museum collecting in Britain and Nigeria, 1850–1900, 2013–15*

Catherine Beck, University College London, *Patronage in the Royal Navy, 1775–1815, 2013–15*

Conferences, lectures and symposia

The highlight of the year was the Navy Conference, Navy and Nation, 1688 to the present, 25-27 July 2013. 130 delegates filled our lecture theatre and seminar rooms to hear more than 50 papers presented over three days by scholars from around the world in what was one of the largest conferences the Museum has ever staged.

Other events included:

- The Anderson Medal Award, 18 April 2013, 45 attendees
- The Naval Dockyards Society AGM and Conference, 20 April 2013, 70 attendees
- Queen’s House evening lecture in association with the Society for Court Studies, 13 May 2013, 55 attendees
- Van de Velde Study Day, 5 September 2013, 35 delegates
- China Culture Connect Conference, *Asiatic traditional painting, its history and conservation*, 18-19 October 2013, 90 delegates
- The Queen’s House Conference, *Culture clash: contemporary arts in historic contexts*, 14 February 2014, 45 attendees

- Turner Conference, *Maritime culture and Britain in the age of JMW Turner*, 21-22 March 2014, 38 delegates

Caird Medal award

The Museum has awarded the 2014 Caird Medal to Roger Knight, who had a distinguished career at the Museum and an equally distinguished career as a naval historian at Greenwich University after he left the Museum in 2000 as its Deputy Director. The Award marks a lifetime's contribution at the highest level to naval history, and particularly recognises two outstanding publications: *The Pursuit of Victory: the life and achievement of Horatio Nelson* (2005) and *Britain Against Napoleon: the organization of victory, 1793–1815* (2013).

Buildings, Estate and IT Infrastructure:

Grounds

There was a reduction in the amount of daffodils flowering around the main entrance gate during spring 2013. These have been in place since the Museum's opening and therefore form an important feature of the north lawns. In conjunction with our Formal Learning team, a local primary school assisted in a fun bulb planting event on site on 12 November 2013. A presentation given in the Lecture Theatre by Museum staff and our Grounds Contractor, Ground Control Ltd (GCL), included a history of the daffodils on site and how they are grown. GCL showed great support for the event, creating a wave design, preparing grounds and supplying 25,000 bulbs free of charge.

Royal Observatory

The complete external redecoration of Flamsteed House, Meridian Building and Great Equatorial building was completed ahead of programme and on budget. The Museum also took the opportunity to carry out essential remedial works to the 28" dome and replace the anemometer on the Flamsteed House roof. The Inspector of Ancient Monuments from English Heritage visited the site following completion of the works and expressed great satisfaction with the standard of the work and was pleased to note that the recommended colours had been used.

Visit from Swedish government staff

The Museum hosted a visit by 17 facilities management staff from the Swedish Government based in Stockholm and responsible for their historic buildings including the maritime museum and the *Vasa* ship.

IT infrastructure works included:

- The implementation of a new Wi-Fi network across all the Visitor accessible Museum sites, providing free Guest Wi-Fi network for Museum Visitors and similar facilities for Events. This has been very successful with an average of nearly 3,000 unique users per month using the Museum's Guest network.
 - Visitor feedback stations were set-up for the *Turner & the Sea* exhibition. As a result of the success of this approach in eliciting visitor feedback, it is being further expanded to include new exhibitions during 2014–15, including *Longitude Punk'd*.
- Under the Museum's responsibilities under the Service Level Agreement with the Cutty Sark Trust, a new Security Control area was set up at the *Cutty Sark* providing improved security for visitors. Improvements to the computer network for the *Cutty Sark* has led to improved security of data and lowered IT support over-heads.

3.3 Extend our reputation. Maximise our reach to and impact on local, regional, national and international audiences and stakeholders.

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 2013–14 the Museum was nominated for several awards, including:

- 2013 London Volunteers in Museums Awards: *Sea and Me* team Highly Commended
- 2013 Landscape Institute Awards, Design for a Small-Scale Public Development for National Maritime Museum Sammy Ofer Wing, awarded to Churchman Landscape Architects (winner of the award)
- 2014 Museum + Heritage Awards: nominated for best Marketing Campaign for *Visions of the Universe: Amazing Photography of Space and the Stars*; best Permanent Exhibition for *Nelson, Navy, Nation*; and best Education Initiative for the Great Yarmouth Partnership project, *Stories from the Sea*
- A Media and Technology Muse Award (Bronze) from the American Alliance of Museums for the Royal Observatory's "Big Questions" films

Cutty Sark

The Museum continues to be responsible for the operational management of the *Cutty Sark*, under the direction and instruction of the independent Cutty Sark Trust which remains the owner of the ship. Some of the *Cutty Sark*'s key activities and achievements in 2013–14 were:

- Awarded a Bronze award by Visit Britain under its 2013 Large Visitor Attraction of the Year category
- The *Cutty Sark* received full Museums Accreditation in 2013–14
- On 28 May 2013 the *Cutty Sark* marked 60 years of His Royal Highness The Duke of Edinburgh's involvement with the ship. The majority of the 400+ invited guests were representatives of local Greenwich community and youth groups
- The Michael Edwards Studio Theatre in the ship's lower hold was launched with a highly successful programme of comedy, music and lectures. Tickets for almost every event sold out very quickly and the next season of programmes is now being planned.

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 second annual report to the Museum's Trustee Board in September 2013.

Volunteer programme

The Museum was delighted that its 'Sea & Me' volunteers were Highly Commended in the Best Team category of the London Volunteers in Museums Awards 2013. Two of the team along with the Volunteer Manager represented the Museum at the presentation ceremony hosted aboard *HMS Belfast*.

The Museum's e-volunteer scheme for its 1915 merchant navy crew lists transcription project has been a great success. More than 200 volunteers have assisted the Museum with the transcriptions and the project is near completion. With e-volunteers based across the globe, the Museum is grateful to all those who contributed to the project.

The Museum's team of newly-recruited *Re:Think* volunteers began their new roles on 2 May 2014. This marks a new and exciting time as, other than the Artist in Residence and Visitor Experience staff patrolling nearby, these volunteers will be hosting the space without staff assistance.

Visitor Experience

The Visitor Assistant team proudly wore their Save our Stubbs campaign t-shirts and wrist bands and actively shared the message of the Museum's fundraising campaign with visitors. Head of Art and Curator of the Queen's House, Christine Riding, put together a talk for Visitor Assistants to deliver and was a huge help in coaching the team and developing their individual approaches to its delivery. As a direct result of noticing the t-shirts and interacting with the Visitor Assistant team, and following various conversations with Visitor Experience management regarding supporting the campaign, a very generous visitor donated £5,000 plus Gift Aid to the campaign.

The tablet experience launched on *The Great Map* has been well received by visitors. A prototype harbour has been introduced which helps provide a more guided use of the fleet by visitors. The Learning and Interpretation team developed a number of games to play on the map and these have been very well received by visitors. The fleet is now controlled by a Visitor Assistant Harbour Master who issues boats, nominates a 'Captain' and introduces a few housekeeping and play rules. At busy times the fleet is issued with allotted time slots and this has helped to widen the opportunity to engage with the experience for a larger volume of visitors. The experience is being enjoyed by visitors and this new approach has really helped to bring the Upper Deck area to life.

Recent work by the Visitor Experience team has focused on the development of a new visitor map. Due to be launched in early summer 2014, the new map will greatly improve way-finding and orientation for our visitors and, following on from our

multi-language approach at the Royal Observatory, will be available in foreign languages.

Membership

The Museum is very grateful for the support it receives through its Membership programme.

Membership numbers continue to increase, with a net growth in memberships of 22% during the year. The popular exhibitions *Visions of the Universe* and *Turner and the Sea*, a successful Christmas Gift Membership campaign and other activities helped to promote the value of membership to visitors. Family membership in particular has had a very strong year and families now form our single largest membership category. Total memberships to the end of March 2014 stood at 5,458 (a total of 11,709 members), compared to 4,480 on 1 April 2013 (8,546 members).

Human Resources, Training and Development

Members of the Museum's Human Resources department attended a ceremony at City Hall on 19 November 2013 in recognition of receiving accreditation to the London Healthy Workplace Charter. Following this, around 70 staff attended the annual Well Being Roadshow in January 2014, where they received free health checks and underwent a variety of entertaining health and fitness approaches. This event was run in conjunction with the local authority as part of the Museum's commitment to the London Healthy Workplace Charter.

The Sterling Entrance

At the September Trustee Board meeting, the Board and Executive agreed that the remarkable Chairmanship of Lord Sterling should be commemorated and decided that the entrance to the Museum estate at King William Walk would become the Sterling Entrance.

3.4 Strengthen our organization.

Grow our expertise, increase revenues, control costs and manage risks.

Retail and Commercial Enterprises

2013–14 was a strong year for the Museum's Retail and Commercial enterprises.

The *Turner and the Sea* exhibition was a huge success, exceeding its visitor and retail forecasts with record sales for the retail shop in the Special Exhibitions Gallery. The exhibition catalogue was the best selling product during the exhibition and the Museum had positive sales in the trade as well. The catalogue was named Art Book of the Year by the Guardian and the Spectator.

The re-branded and re-launched Brasserie at the NMM is now ranked in the top 7% of London restaurants, according to Trip Advisor.

In November 2013 Jaguar cars filmed outside the Queen's House for their new XF saloon vehicle. The advert – viewable at <http://www.jaguarusa.com/british-villains.html> - was first broadcast during a prime-time slot during the 2014 NFL Super Bowl in the USA.

The Sun Military Awards (A Night of Heroes)

In December 2013 the Museum was the host venue for this popular event. Guests included Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall, the Prime Minister and prominent MOD officials, Armed Forces personnel and celebrities. Tributes were paid to the men and women of the Armed Forces for outstanding service in a televised ITV show with national media coverage.

Events

The Greenwich & Docklands International Festival returned to the Museum in June 2013. With two free performances over the Friday and Saturday evenings, the Museum welcomed over 8,500 public visitors to a dramatic aerial acrobatics display. This year's festival marked 6 years of our growing stakeholder relationship with the Festival.

Development

Stubbs Acquisition

The appeal to raise funds for the Museum's acquisition of two George Stubbs paintings was a great success. A total of £4.45m was raised from donors which covered the entire cost of the acquisition.

The appeal was closed with a magnificent gift of £1.5m from the Eyal Ofer Family Foundation. The appeal also attracted a significant grant from The Monument Trust (part of the Sainsbury Family Charitable Trusts) and the Sackler Foundation together with the Heritage Lottery Fund, the Art Fund and the general public.

The donation from the Eyal Ofer Family Foundation comprised £1m to close the outstanding balance of the acquisition appeal and £0.5m towards the refurbishment of the Queen's House. The refurbishment includes the central bridge room of the Queen's House, in which the paintings will be displayed in 2016. Trustees were pleased to commemorate this generosity by renaming the bridge room The Eyal Ofer Gallery.

The Hilton Flags of St Mary's Church, Selling

The National Maritime Museum has raised the funds to acquire two surviving flags from the Battle of Trafalgar, October 1805. The first is a Union Flag, from HMS *Minotaur* and was, we know, flown at the battle. The second is an Austrian ensign and is as interesting as the Union Flag. It is believed to have come from the *Neptuno*, the Spanish warship jointly captured at Trafalgar by *Minotaur* and *Spartiate*.

The Museum is extremely grateful to the Peter Harrison Heritage Foundation for its generous pledge of £185k. The Sir John Fisher Foundation pledged £50k with additional donations and pledges totalling £21,420 from a number of individuals and we now look forward to the formal transfer from the Church of England.

The Royal Museums Greenwich Foundation

In 2013–14 the Royal Museums Greenwich Foundation awarded the Museum one grant totalling more than £350k over two financial years. The Museum is very grateful to the Foundation for its support of the Museum and its strategic aims.

Patrons

The Museum continues to be enriched by the support of a fantastic Patrons programme. In addition to financial support, the Patrons also offer their enthusiasm, goodwill, and vocal support for the Museum's work. To the end of March 2014 the Museum had 57 UK and US Patrons (including eleven Life Patrons). There are exciting plans in place for the future of the scheme.

American Friends of Royal Museums Greenwich

The American Friends Board and Patrons are enthusiastic in their support of the Museum and in 2013-14 gave \$15,000 towards 'Navy and Nation, 1688 to the present' – an international conference hosted here in conjunction with the new *Nelson, Navy, Nation* gallery. As a result of this generosity, the Museum was able to fly over a number of scholars from the United States of America. A grant of \$2,300 was also given to cover the costs of one of the Museum's curators in attending a major horological conference in Pasadena.

Press and marketing:

Turner and the Sea

The Museum's *Turner and the Sea* exhibition was chosen by Richard Dorment from the *Daily Telegraph* as one of the five best art shows of 2013. It was also picked by Rachel Campbell-Johnston from *The Times* as the visual art show 'critics would pay to see'; and featured in Adrian Hamilton's 'Best of the Year' in *The Independent*. The *Turner & the Sea* catalogue was picked out as one of the 'Books of the Year' by critic Peter Conrad for the *Observer* and by David Ekserdjian for the *Spectator*.

The exhibition received an extraordinarily strong response from the media and opened to outstanding positive coverage across a spread of key media. It featured in the 'Exhibition of the Week' and 'Critics Choice' sections of key national media and was critically acclaimed by the press, gaining exceptional reviews from high profile critics. By the end of the exhibition the Museum secured over 200 pieces of press coverage across national, local and international print, web and broadcast media – with an Equivalent Advertising Value of over £967,500 and reaching more than 44 million people worldwide.

Visions of the Universe

Visions of the Universe was very popular amongst the media, with coverage secured across many different types of media outlet – from the science-focused *Nature* magazine, astronomy magazines and photography publications to the popular women's weekly *Stylist*, and recommendations in fashion and design magazines.

There was widespread online coverage, with online galleries being an important part of the Museum's press campaign.

Major features were placed in: The Independent, who ran a double page spread along with a write up in the paper's leader column; The Daily Telegraph who gave a full page to an article examining the historical narrative of the exhibition; and The Sunday Telegraph, whose Science Correspondent highlighted some of the most eye-catching images from the show. Broadcast coverage of the exhibition was strong, with highlights including: ITV 1's 6pm London News, BBC 1's London Breakfast News, BBC Radio 3's cultural discussion programme Nightwaves, and BBC Radio 5 Live's Danny Baker Show.

The *Visions of the Universe* marketing campaign received a prestigious nomination for the Museums & Heritage Award for Excellence for Best Marketing Campaign, amongst a highly competitive field.

Nelson, Navy, Nation

The gallery received a strong response from the media and positive coverage across national press in the run up to the opening - an exceptional achievement for a permanent gallery.

Astronomy Photographer of the Year 2013 (APY)

Yet again, the Museum's annual *Astronomy Photographer of the Year* competition continued to receive excellent press interest and coverage. The Guardian ran a double-page image spread of the winning images in their 'eyewitness' section. Coverage also appeared in a double-page spread in the Metro, as well as the Telegraph, Times, Independent, Daily Mirror, Irish Daily Mirror and Time Out (picked as one of their top '5 things to do' in London). For the first time APY was reviewed as an exhibition, by Photographic Critic for the Evening Standard, Sue Steward (4 out of 5 stars).

Negotiation with the BBC resulted in an APY winning images slideshow being produced for the BBC's website for a fourth year. This received more than half a million views on the first day and was the most shared story on the BBC news website for two days.

BBC Britain and the Sea – in partnership with the NMM

A new landmark BBC/NMM Partnership series for BBC One, *Britain and the Sea*, screened weekly from 17 November 2013.

In the series David Dimbleby set out on his boat Rocket to explore Britain's relationship with the sea - and discover how the waters around our shores have inspired art and literature for centuries. The series was promoted as a BBC/NMM Partnership – *Britain and the Sea*, made in partnership with the National Maritime Museum.

Museum Secrets

The Museum was the focus of the first programme in the new *Museums Secrets* series – which explores some of the collections behind the world's greatest museums. The one hour programme was aired in the UK on Yesterday on 2 August 2013.

The Science of Dr Who

On November 14 2013 saw the iconic Museum timekeeper H4 make a star appearance on BBC2's *The Science of Dr Who*, presented by Professor Brian Cox.

Performance against Funding Agreement Performance Indicators

Funding Agreement Performance Indicators	2012–13	2013–14
Number of visits to the Museum	1,943,054	2,488,801
Total amount of charitable giving ¹ .	£2,874,000	£6,137,637
Ratio of charitable giving to grant-in-aid	16.6%	37%
Number of unique website visits	4,370,062	4,733,460
Visits by children under 16	450,855	450,224
Number of overseas visits	1,007,526	1,154,406
Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education	115,190	131,464
Number of instances of visitors under 18 participating in on site organised activities	74,620	92,068
% of visitors who would recommend a visit	98%	98%
Admissions income (gross)	£2,602,000	£3,371,618
Trading income (net profit)	£352,000	£781,906
Number of UK loan venues	81	79
Number of objects conserved	1,909	1,710
No. of peer-reviewed publications	19	23
Number of research projects undertaken/ongoing	18	15
% area of stores and galleries that are sustainably BS5454 compliant	55.9% summer 50.9% winter	51.7% summer 49.7% winter

¹ The figures for 2012–13 and 2013–14 include financial sponsorship, donations and grants, and the value of donated objects, as per DCMS guidance

Efficiency tables

Key Data	2009–10	2010–11	2011–12	2012–13	2013–14
Total Grant-in-Aid (GiA) ¹	£19.0m	£18.8m	£17.0m	£16.6m	£16.4m
All other incoming resources	£8.5m	£23.1m ²	£15.0m ²	£11.4m	£15.4m
FTE employees	400	416	439	479	504
Visits	2.395m	2.450m	1.872m	1.943m	2.488m
Website visits	3.185m	3.885m	3.955m	4.370m	4.733m
Efficiency Ratios					
Total Users ³	5.590m	6.351m	5.835m	6.322m	7.232m
Total Users per FTE	13,975	15,267	13,292	13,190	14,339
Total GiA £ per User	3.40	2.95	2.92	2.63	2.26
Revenue GiA £ per User	2.86	2.35	2.62	2.37	2.03
Total GiA £ per Visit	7.92	7.65	9.09	8.55	6.58
Revenue GiA £ per Visit	6.67	6.09	8.15	7.71	5.90

¹ all Grant-in-Aid figures exclude the restricted funds for the National Historic Ships Unit (£229k in 2013–14)

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 (10,599 enquiries in 2013–14)

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 third 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. This was refreshed during 2013–14. The Museum took account of DCMS’s action plan for sustainability in the development of its own.

The Museum achieved Energy Accreditation from the Carbon Trust in 2008 and reaccreditation in 2011.

Area	2013–14 Performance	
	Actual	Target
Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel)	3,462 tonnes of CO2 equivalent	<3,600 tonnes of CO2 equivalent
Estate Energy	Consumption	9.282 million kWh
	Expenditure	£580,620
Estate Waste	Consumption	223 tonnes
	Expenditure	£30,797
Estate Water	Consumption	17,597 m3
	Expenditure	£57,440
		<9.5 million kWh
		£640,000
		<600 tonnes
		£30,000
		<30,000m3
		£60,000

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. Due to the earlier drafting of this report, some of the expenditure figures include accruals and are subject to final audit therefore.

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 did 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. The 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. From 2014 the Museum is joining with local partners, the University of Greenwich and the Old Royal Naval College in a Green Impact Scheme run under the auspices of the National Union of Students and tapping into funding and expertise from the NUS/University. The Museum is also considering joining the International Association of Museum Facilities (IAMFA).

Greenhouse Gas (GHG) Emissions

Between 1999 and 2009 the Museum reduced its carbon footprint from 3,842 tonnes CO₂ to 3,072 tonnes CO₂. Since the opening of the new Sammy Ofer Wing our carbon footprint increased to 3,422 tonnes CO₂. This year the Museum Estate's carbon footprint has decreased to 3,462 tonnes CO₂ from 3,631 tonnes CO₂ in 2012–13. This decrease has been assisted by an abnormally mild winter.

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 2013–14, recycling garden waste resulted in composting 13 tonnes (8.2 tonnes in 2012–13) over the year, an estimated 109 tonnes of waste was recycled (88.17 tonnes in 2012–13) and 114 tonnes sent to landfill (171.21 in 2012–13 which do not include figures for our catering franchise). There is construction and general waste which is regularly skipped at a weight of 359.6 tonnes in 2013–14 (345 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.

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 in places 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 and West Central Wings and Neptune Court this year. Programmes of energy efficiency are in place via the progressive upgrading of lighting systems, replacement of boilers (£220,000 at Kidbrooke store) and draft proofing across the Estate. The £240,000 investment in four new energy efficient chillers for Neptune Court is already paying off by reducing annual energy costs.

Climate Change Adaption and Mitigation

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

planning exercises take place in this regard which cover initial response, salvage and business continuity requirements.

Biodiversity and Natural Environment

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

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

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

Sustainable Procurement including Food

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

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 Fair Trade and 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 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. 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 heats 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 Sammy Ofer Wing 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). The Museum has 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 "Strengthen our organization. Grow our expertise, increase revenues, control costs and manage risks". A key strategy within this aim is to implement the Sustainable Development Policy. The action plan resulting from the Sustainable Development Policy 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.

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 the Trustee Board.

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

At the Board meeting of 6 March 2014 Trustees requested the Executive to develop the Corporate Plan for 2014–18. The Strategy level of that plan was endorsed by Trustees at their 22 May 2014 Board meeting and it follows below. At the time of this report the plan is available on the Museum website for comment.

The Trustees' overall objective is to: **Stimulate people's curiosity – the trigger for discovery and learning**

An overview of the new Corporate Plan to *Strategy level* follows:

Aims, Outcomes and Strategies

Aim 1: Put visitors first.

Create inspiring experiences that transform people's understanding of our subjects and collections.

Outcome: People have a greater understanding of maritime Britain and astronomy and their relevance to the world today.

Strategies:

1. Understand the needs and motivations of our current and potential audiences.
2. Create exhibitions and programmes that draw on our research and expertise and meet the needs of audiences worldwide.
3. Build relationships, drive repeat visits and the propensity to recommend through an excellent visitor experience.

Aim 2: Value our heritage.

Care for and develop our unique collection and world historic sites.

Outcome: Collections and buildings that are enhanced, accessible to all and preserved for the future.

Strategies:

1. Safeguard and improve the physical condition of our estate and collections.
2. Develop our collections and sites to make them more relevant and accessible, intellectually and physically.
3. Advance and share knowledge of our collections and subjects.

Aim 3: Extend our reputation.

Maximise our reach to and impact on local, regional, national and international audiences and stakeholders.

Outcome: An outward-looking museum which rewards public trust and grows a worldwide reputation for quality, accessibility and originality.

Strategies:

1. Project unique experiences that advance the values and personality of the RMG and its brands.
2. Grow partnerships and deepen our engagement with stakeholders.
3. Capture audiences, through programmes and activities that extend the museum experience beyond our walls.

Aim 4: Strengthen our organization.

Grow our expertise, increase revenues, control costs and manage risks.

Outcome: A dynamic and entrepreneurial museum that is culturally, intellectually and financially successful.

Strategies:

1. Foster a spirit of collaborative working, value expertise, support innovation and encourage volunteering.
2. Drive income generation leveraging more value from our unique assets.
3. Identify and deliver efficiencies without compromising excellence.

The Corporate Plan will be available from www.rmg.co.uk or from the Museum Secretary, post-consultation, in November 2014.

The Corporate Plan has been developed to provide a clear and stimulating approach to directing the Museum's work in the years ahead and to provide a memorable, positive and powerful way for trustees, staff, volunteers and our wider stakeholders to access the essence and purpose of the Plan. Coupled with the overall objective of "Stimulating Curiosity" we believe that this provides a compelling and involving high-level description of the developments planned for the four years ahead.

Underpinning many of the Milestones that support these Strategies is the Endeavour project (see also the Chairman's Foreword) which is currently under development and will occupy us until 2018–19.

The Endeavour project will transform the visitor experience of Royal Museums Greenwich by radically improving the circulation around the sites; increasing the scope of our exhibitions to make them more comprehensive; increasing the size of the visitor offering through opening up new galleries and putting more of our collections on display; strengthening the thematic links between the National Maritime Museum and Royal Observatory; and improving physical access.

The Endeavour project is planned to culminate in the opening of a new gallery devoted to the exploration of the Pacific Ocean on the 250th anniversary of Captain Cook's first voyage of discovery in 1768.

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. We successfully introduced pension auto-enrolment on our staging date in November 2013 following an intensive campaign to promote the positive benefits of workplace pensions.

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 (although this is due to cease in 2014–15), medical retirement assistance, occupational health referrals and Health & Safety assessments. There is a Staff Welfare Officer, employee assistance programmes and trained and supportive management and professional Human Resources 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-plus volunteering roles were provided throughout the year (250 in 2012–13). 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. It 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. 15% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME) (12% in 2012–13). The Museum holds the Employment Service's Disability Symbol. In 2013–14, 5% 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. A third of employees are aged over 50 and 5% are aged over 65. At the sector level, the Director of Human Resources co-chairs the National Museum Directors' Council'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 Investors in People standard in November 2001, receiving regular re-accreditation since, the latest being in November 2012. Unfortunately, funding constraints have resulted in the reduction of the training and development budget for both 2013–14 and 2014–15. It is still maintained at around 1% of the total paybill however and thus far all needs identified via appraisal and training needs analyses have been met.

In 2013–14 the average number of days lost per employee through short term sick absence was 4.28 days whilst the average number of days lost per employee through long term (over 28 days) sick absence was 6.12 days. The average number of days lost per employee through total sickness (long and short term combined) was 10.39 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 reached an agreement for the

purposes of collective bargaining in respect of pay, hours and holidays and also have a facilities agreement. Following a period of consultation, in December 2013, the Museum reached a single union agreement with Prospect in this regard.

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 four years ago. The increase in numbers of volunteers and in volunteer hours has been remarkable since this appointment. Record numbers of volunteers have been experienced peaking at more than 500 during the year due to an e-volunteer project and now decreasing to 335 at year end on the tailing off of that project. In all, these volunteers have given 46,126 hours at a value estimated in the region of more than £460,000 (an increase of £120,000 on 2012–13).

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 and staff 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 Human Resources having agreed content with the Executive. 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. The most recent survey was carried out in November 2013 and the results are being considered, promulgated and acted upon during 2014–15.

Trade Unions – Since December 2013 the Trade Union Prospect has been recognised for the purposes of collective bargaining on pay, hours and holidays. Meetings take place as and when required.

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 & Safety matters and the importance of the positive role played by safety representatives and the Health and Safety Committee are 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 consists of three Trustees who are appointed by the Trustee Board:

Sir Robert Crawford CBE (Chairman from 27 March 2013)
Linda Hutchinson (from 27 March 2013)
Vacancy

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:

Single total figure of remuneration	2013-14 all figures £k				2012-13 all figures £k			
	Salary	Performance payment	Pension benefits (to nearest £1k)*	Total	Salary	Performance payment - restated	Pension benefits (to nearest £1k)*	Total - restated
Dr Kevin Fewster, Director & Accounting Officer	105-110	20-25	-	130-135	105-110	20-25	-	130-135
Dr Margarett Lincoln, Deputy Director	80-85	15-20	6	100-105	75-80	15-20	15	110-115
Andy Bodle, Director Operations and Human Resources	70-75	15-20	8	95-100	70-75	15-20	45	135-140
David Philip, Director, Finance & Enterprises (until 31 December 2012)	-	-	-	-	60-65 (85-90 FTE)	5-10	-	65-75
Chris Styles, Director, Communications and Visitor Experience (until 31 August 2012)	-	-	-	-	60-65	-	-	60-65
Fiona Romeo, Interim Director, Programming and Exhibitions (until 15 July 2012)	-	-	-	-	15-20 (55-60 FTE)	-	-	15-20
Mike Sarna, Director, Programming and Exhibitions (from 16 July 2012)	60-65	10-15	-	70-75	40-45 (60-65 FTE)	10-15	-	50-60
Sandra Botterell, Director, Commercial (from 12 November 2012)	75-80	10-15	-	90-95	30-35 (75-80 FTE)	5-10	-	35-45
Anupam Ganguli, Director, Finance (from 12 November 2012)	85-90	15-20	-	105-110	25-30 (85-90 FTE)	5-10	-	30-40
Richard Doughty, Director, Cutty Sark (from 1 May 2012)	80-85	15-20	-	100-105	80-85 (85-90 FTE)	20-25	-	100-105

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

There were no benefits in kind.

2013-14

Mid-Point of Band of Highest Paid
Total Remuneration
(£'000) 132.5

Median Total Remuneration 15

Remuneration Ratio 1:9.1

2012-13

Mid-Point of Band of Highest Paid Director's
Director's Total Remuneration
(£'000) 132.5

Median Total Remuneration 15

Remuneration Ratio 1:8.8

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 2013–14 was £132,500 (2012–13, £132,500). This was 9.1 times (2012–13, 8.8 times) the median remuneration of the workforce, which was £14,544 (2012–13, £15,231).

In 2013–14, nil (2012–13, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £132,000 (2012–13, £0 to £132,000).

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 8 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 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV funded by employer	Employer contribution to group personal pension
	£'000	£'000	£'000	£'000	£'000	Nearest £1,000
Dr Kevin Fewster	-	-	-	-	-	11
Dr Margarett Lincoln	30-35 plus lump sum of 95-100	0-5	736	718	6	-
Andy Bodle	30-35 plus lump sum of 95-100	0-5	626	583	6	-
Mike Sarna	-	-	-	-	-	6
Sandra Botterell	-	-	-	-	-	8
Anupam Ganguli	-	-	-	-	-	8
Richard Doughty	-	-	-	-	-	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 2013/14	Total number of exit packages for 2012/13
0 - 24,999	2	-	2	6
25,000 - 49,999	-	-	-	2
50,000 - 99,999	-	-	-	-
Total	2	-	2	8
Total resource cost (£)	13,706	-	13,706	100,759

There was one departure under the terms of the Civil Service Compensation Scheme in 2013–14 and another member of staff received a statutory redundancy payment which was below £2,300.

Sir Charles Dunstone
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
24 June 2014

8. REFERENCE AND ADMINISTRATIVE DETAILS

Chairman of the Board of Trustees: Sir Charles Dunstone

Director and Accounting Officer: Dr Kevin Fewster, AM

Principal address: National Maritime Museum
Park Row
Greenwich
London SE10 9NF

Website: www.rmg.co.uk

The Board of Trustees of the National Maritime Museum

During 2013–14 the Board of Trustees comprised:

Sir Charles Dunstone, Chairman (from 21 November 2013)
Lord Sterling of Plaistow GCVO, CBE, Chairman (to 21 November 2013)
and in order of first appointment:
David Moorhouse, CBE (to 29 October 2013)
Dr David Quarmby, CBE (to 29 October 2013)
Linda Hutchinson
Sir Robert Crawford, CBE
Eleanor Boddington
Professor Geoffrey Crossick
Dr Chris Lintott
Joyce Bridges, CBE (from 12 September 2013)
Carol Marlow (from 12 September 2013)
Jonathan Ofer (from 12 September 2013)
Eric Reynolds (from 12 September 2013)
Gerald Russell (from 12 September 2013)

Brief biographies of the Trustees are available from www.rmg.co.uk in the 'About Us' section.

The Executive

During 2013–14 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
Sandra Botterell	Director, Commercial
Richard Doughty	Director, <i>Cutty Sark</i>
Anupam Ganguli	Director, Finance
Mike Sarna	Director, Programming and Exhibitions

A Register of Interests giving details of company directorships and any other significant interests which may be held by members of the Board and the Executive is maintained and is available for inspection by application to the Museum Secretary.

Other relevant organisations

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

haysmacintyre
Chartered Accountants and tax advisors
26 Red Lion Square
London, WC1R 4AG

Internal Auditors

Moore Stephens LLP
150 Aldersgate Street
London, EC1A 4AB

Bankers

Royal Bank of Scotland
62-63 Threadneedle St
London, EC2R 8LA

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 2013–14

Government

The Department for Culture Media and Sport
The Heritage Lottery Fund

Major Supporters

A. G. Leventis Foundation
The Art Fund
Barclays
Clive Richards OBE DL and Sylvia Richards
Carl G. Berry
The Esmée Fairbairn Foundation
Sir John Fisher Foundation
The Eyal Ofer Family Foundation
The Foyle Foundation
Lloyd's Register Foundation
The Monument Trust
The Peter Harrison Foundation
The Peter Harrison Heritage Foundation
The Hobson Charity
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

George Stubbs acquisition appeal

The Heritage Lottery Fund
The Eyal Ofer Family Foundation
The Monument Trust
The Art Fund (with a contribution from the Wolfson Foundation)
Mr and Mrs Timothy Crosthwait
The Sackler Trust
Sir Harry Djanogly
The Gapper Charitable Trust
The Hartnett Conservation Trust
Anthony Nixon and Sheila Richardson
The Worshipful Company of Leathersellers

Hilton Trafalgar Flags acquisition appeal

Peter Harrison Heritage Foundation
Sir John Fisher Foundation
The Drapers' Charitable Fund
F. Michael Everard
Sir David Hardy
Giles Hilton
Alan R. W. Marsh

Trusts and Foundations

The Basil Samuel Charitable Trust; Joseph Strong Frazer Trust; the Inchcape Foundation; Society for Nautical Research/MacPherson Fund; The Swire Charitable Trust; 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. The American Friends of Royal Museums Greenwich

Bequests

Helah Patrica Holmes
Bertha Katherine Barnardiston
Mr and Mrs Timothy Crosthwait

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; 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
UK Space Agency
Visit California
Winton Capital Management

Corporate Members

The Baltic Exchange; BMT Group Ltd; BP Shipping; Braemar Seascopes; Clarksons; CMS Cameron McKenna; COSCON (UK); Hutchinson Westports Ltd; Howe Robinson & Co Ltd; Liberty Syndicate Management Ltd; Lloyd's Register; Meantime Brewing Co Ltd; Novotel Greenwich; Shell International Trading and Shipping Co. Ltd; Upfront TV 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; Dick van Meurs; Ian Ridpath; and others who wish to remain anonymous.

Patrons

Elizabeth Lady Amherst; John R. Asprey; Victor Benjamin; Mr & Mrs Donald Brydon; 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; Alderman Jeffrey and Mrs Juliet Evans; Kevin Fewster; Nicholas Fisher; Lt Cdr P. Fletcher; Joscelyn Fox; Sir David and Lady Hardy; Rt. Hon David Heathcoat-Amory; Charles Hoare Nairne; Nigel Hollebone; 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; Jane Mennie; Merrick Rayner; Ms. C Shipley; The Lord Tanlaw; John and Madeleine Tucker; Dr A. 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; David Moorhouse; the late Sammy Ofer; Libby Purves; Dr David Quarmbury;

Lord Rees of Ludlow; Professor NAM Rodger; the late Dr Mortimer Sackler; Dame Theresa Sackler; Coral Samuel; Peter Snow; Dava Sobel; Dr David Starkey; Lord Sterling of Plaistow; 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

A. K. Wood; AET UK Ltd; Barbara Tomlinson; Brian Bowden; Carter Wright Ltd; Colonel Robin Jukes-Hughes MBE; Council for World Mission; David Barnes; David Gladstone; Douglas C Reece; Edward Vernon Reynolds; Frances Lydia Beckingham; Genevieve Newby; Grahame A. Clarke; Hermione Pipon; Iko Harris; Ian Buxton; Isobel Butler; Jim Woodcock; Jo Garton; Joan Mansfield; John Duffin; Kathleen Mary Williams; Kevin Fewster; Margery Sifton; Mary Hayward; Mrs Turnbull; Nigel J. Hollebhone; Patrick Bond; Peter Wain; Philip G. Sheaf; Professor John White CBE; Richard Ferguson; Sarah Kerr; Thyge Enevoldson; Valerie Goodright

Bequests to the Collection

Wendy Melise Katherine Thorburn

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 (NMME), 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 £16.4m received in the year, £229k 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 museum enjoyed great success with its temporary exhibition programme which included the conclusion of 'Ansel Adams' (opened in the 2012/13 financial year), 'Visions of the Universe' and 'Turner and the Sea'. These exhibitions were mainly responsible for the £652k increase in admission income and their performance is also reflected in NMME's results for the year, particularly in the areas of retail and catering.

Total incoming resources for the year increased by £3.8m boosted by a successful fundraising campaign which raised £4.5m to save the George Stubbs' paintings 'The Kongouro from New Holland' and 'Portrait of a Large Dog' for the nation. Also NMME's trading income increased by £510k. These increases were offset by a £466k reduction in Grant in Aid and a decrease in donated objects of £363k.

The Membership scheme grew yet again, generating £183k – a 25% increase on income in the previous year.

Investment income continues to be depressed due to challenging market conditions and lower balances held on deposit which, together with reduced returns, resulted in a £64k reduction in cash returns to £155k.

Resources expended in the year amounted to £30.2m (2012–13: £28.8m). There was an increase of £362k in staff costs. Approximately £100k of this is due to the effect of the first full year of operation of the Service Level Agreement with the Cutty Sark Trust (CST) and these costs of have been recharged in full to the Ship. Also, there has been a £115k increase in pension costs as a result of the higher take up rate by staff following the implementation of auto-enrolment during the year. The average number of employees for the year increased by 14, largely to support the Museum's increasing revenue generating activities.

Also there was significant investment in the temporary exhibition programme, most notably for *Visions of the Universe* and *Turner and the Sea* but also in preparatory work for exhibitions in future years.

Additionally the Museum made grants totalling £1.535m, including £1.5m 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.

The net trading profit at £782k is more than double the previous year. Gross profit, helped by the 'pop-up' shop for the special exhibitions gallery, increased from £903k to £1.2m. The catering offer, particularly in the Sammy Ofer Wing, performed exceptionally well and was a significant contributor to the £112k increase in other commercial activities as detailed in Note 3 to the accounts. Administrative expenses were largely flat.

At the end of the year the net trading profit 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 50% of the Museum's incoming resources are from Grant in Aid from DCMS. The level of free reserves is set to provide what is considered to be sufficient contingency for a shortfall in income from the Museum's other funding and any cash flow risks (whether due to timing or other factors) on capital projects, the collections development programme or other unforeseen liabilities. The annual budget is formally reviewed each quarter and adjustments made to reflect any change in circumstances.

The Museum's historic reserves are subject to Treasury budgetary rules under which the Museum's ability to access its reserves is subject to approval by DCMS.

Reserves at 31 March 2014

In accordance with its funding agreement with DCMS the Museum has access to its reserves up to a maximum of £8.7m during the current four year funding agreement, with £747k available for the 2013–14 financial year. The Museum has utilised this in full in the year.

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 £2.4m 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	92.8
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 st March 2014	17.3
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	15.0

Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid	8.6
Designated funds for a specific project or purpose in the future	6.2
Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions	2.4
	142.3

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.

Investment performance

As previously indicated there has been no significant improvement in investment returns although the value of investments has increased by £165k during the year and stood at £4.8m at year end.

The Museum also holds £9.1m 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 £6.9m. Note 10 gives full details of the Museum's Tangible Fixed Assets which stand at £117m at year end.

Heritage Assets

During the year the Museum purchased Heritage Assets, including the paintings by George Stubbs *The Kongouro from New Holland* and *Portrait of a Large Dog*, with a value of £4.7m and received donations or bequests to the value of £162k. Details of other notable acquisitions are given on page 10.

External Audit

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2013–14 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. During the year haysmacintyre was appointed auditors of National Maritime Museum Enterprises Limited. Total audit fees for the group were £50k, comprising £41k for the consolidated accounts (incorporating the three Trust Funds) audited by the National Audit Office and £9k for NMME audited by haysmactintyre.

Payment of Creditors

The Museum pays 74% (2012–13: 70%) of its suppliers within 30 days. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

Going Concern

The Museum was advised in July 2013 of the outcome of the Comprehensive Spending Review for 2015-16. This resulted in a further £479k cut compared to 2014-15. Given the on-going uncertainty around the level of future Grant in Aid that will be received following the election in 2015 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.

Sir Charles Dunstone
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
24 June 2014

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, 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.

Sir Charles Dunstone
Chairman of the Board of Trustees
24 June 2014

Kevin Fewster
Director and Accounting Officer
24 June 2014

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

12. GOVERNANCE STATEMENT

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 their duties have been carried out in 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 that 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 that 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 objectives 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 by the Board of Trustees. 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 the trading company 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 that 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, the Board of Trustees is a statutory corporation entitled the Trustees of the National Maritime Museum. As listed in Schedule 3 of the Charities Act 2011, the 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 ex-officio the members of the Finance Committee and the Director.

1.4 The Board of Trustees in 2013–14

In 2013–14, the Trustees contributed their voluntary service to the public's benefit at formal Board and committee meetings. They also attended numerous advocacy and other events during the year and made frequent contributions of advice and guidance to the Museum within their areas of specialism.

	Term	From	To	Attendance Board	Audit	Fin.	Rem.	Coll.
Chairmen								
Sir Charles Dunstone	1st	21.11.2013	20.11.2017	2/2				
Lord Sterling, GCVO CBE	2nd	05.04.2005	19.11.2013	2/2		2/2		
Trustees in order of first appointment								
David Moorhouse, CBE	2nd	28.10.2005	29.10.2013	1/1	2/2			
David Quarmby, CBE	2nd	28.10.2005	29.10.2013	1/1	2/2			
Linda Hutchinson	2nd	15.09.2008	14.09.2016	4/4			2/2	
Sir Robert Crawford, CBE	2nd	15.09.2008	14.09.2016	4/4		4/4	2/2	
Eleanor Boddington	1st	08.04.2010	07.04.2014	4/4	5/5			
Professor Geoffrey Crossick	1st	08.04.2010	07.04.2014	3/3				2/2
Dr Chris Lintott	1st	24.06.2010	23.06.2014	2/4		3/4		2/2
Joyce Bridges, CBE	1st	12.09.2013	11.09.2017	4/4	2/2			
Carol Marlow	1st	12.09.2013	11.09.2017	2/4	1/1			
Jonathan Ofer	1st	12.09.2013	11.09.2017	3/4				
Eric Reynolds	1st	12.09.2013	11.09.2017	4/4		2/2		
Gerald Russell	1st	12.09.2013	11.09.2017	3/4	3/3			

1.5 Conflicts of interest

In common with other public bodies, the 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 2013–14.

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 of April 2012. The Chairman and the Nominations Committee identify the skills and expertise needed to reflect the strategic needs of the Museum then recommends Trustee recruitments and re-appointments to Ministers. Ministers agree the role specification for the recruitment of new Trustees and are kept informed throughout the process.

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.

In 2013–14 a panel of Trustees, with an Independent Panel Member appointed by DCMS, and for the Audit Committee Chair the DCMS Head of Finance, interviewed shortlisted candidates and recommendations were made to Ministers accordingly. In 2013–14, the identification of a new Trustee whom the Board could subsequently elect to chair the Board was managed in line with the provisions of the OCPA Code for chair appointments including the selection panel being chaired by a Public Appointments Assessor.

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

In 2013–14 Joyce Bridges, Carol Marlow, Jonathan Ofer, Eric Reynolds, Gerald Russell and Sir Charles Dunstone were appointed for terms of four years; no Trustees were reappointed during the year; and four Trustees' second term appointments came to an end. On 21 November 2013, Trustees elected Sir Charles Dunstone to succeed Lord Sterling as Chair of the Board of Trustees.

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 and responsibilities. All Trustees receive a Trustee Governance Pack including the staff handbook and all relevant governance material and receive a day-long induction course on appointment.

Trustees provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available. 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 members of the Executive, managers, staff and volunteers.

1.7 The Board's current Committee structure

In 2013–14 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 Museum's 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. The Trustees of the Finance Committee are ex-officio Trustees of the Trust Funds as is the Director. At the meeting of the Finance Committee on 26th July 2012, Trustees approved the establishment of an **Investment Committee** to review the total funds under management, and recommend the strategy for investment to the Finance Committee. The Committee meets as required.

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

The Chairman and the Committee identify the skills and expertise needed to reflect the strategic needs of the Museum then recommends Trustee recruitments and re-appointments to Ministers.

Collections and Research Committee

Oversees strategies for the stewardship of collections and the development of research at the Museum in the context of its 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 2013–14 Trustees also operated the **Trustee Gallery and Exhibition Finance Sub-Committee**. This sub-committee reviews the financial planning of the Museum's major gallery and exhibitions programme. This is a sub-committee of the Finance Committee and reports to that Committee after its meetings.

1.8 The work of the Trustee Board in 2013–14

In 2013–14 the significant work of the Board and its committees included:

- adopting budgetary and planning policies to deal with the strategic and practical financial impact of the reductions in Grant-in-Aid over the 2013-16 period
- supporting the important acquisitions of the Stubbs paintings, the Gibson archive and the two Trafalgar flags
- approving the Museum's National Strategy

- ensuring the delivery of the special exhibitions *Visions of the Universe* and *Turner & the Sea* in the special exhibitions gallery which together attracted some 202,000 visitors to the Museum
- adopting the strategy level of the 2014–18 Corporate Plan and the major new Endeavour project (see also section 5. Future Priorities)
- approving the disposal from the collection of 2 ship models and a replica astrolabe on grounds of duplication and lack of authenticity to go forward to the Secretary of State
- approving a grant to the Royal Museums Greenwich Foundation
- 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 6 March 2014, Trustees agreed that, due to the current period of significant turnover of Trustees and a new Chairman, a formal external process of evaluating the Board's effectiveness would be most usefully undertaken in the 2014–15 year.

3. Highlights of Board Committee reports

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

The Chairman of the Audit Committee makes an annual report to the Board at its May 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 2013–14.

In its May report on the 2013–14 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 bring specifically to the Board from 2013–14 and no seven-day injuries to report. The Audit and Finance Committees review 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.

At each of its quarterly meetings, the Audit Committee reviews the strategic risk register to identify how risks are being mitigated by management and what new risks are emerging. This review also determines the work programme for internal audit the results of which are reported in para 4 below (Internal Audit). The Committee also reviews the management's progress in enacting recommendations made in previous internal audit reports. On an annual basis, the Committee's work includes approving the Annual Report and Accounts for the year on behalf of the Board and any matters arising from the audit of those accounts by the National Audit Office and the Museum's wholly owned trading subsidiary which is audited by hayesmacintyre. The Audit Committee 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.

To ensure 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 and to accommodate the changes in Committee membership and its

chairmanship during the year, the Audit Committee undertook a training workshop structured and delivered by the NAO and the Internal Auditors at its 8 May meeting.

The *Nominations Committee* reported to the Board in the first half of the year on the status of the recruitment of a Trustee with the capabilities of being the next Chair of the Audit Committee and on the progress of recruiting a Trustee with the capabilities of being elected by the Board as Chair. Both of these recruitments were entirely successful.

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.

In 2013–14 Internal Audit reported on the systems and procedures used to provide accurate counting of visitors to the various sites of Royal Museums Greenwich providing the Board with assurance that these mechanisms provided a robust and accurate measurement.

Notes and commentaries of progress against corporate plan milestones are provided by divisional directors and reviewed at each Board meeting.

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

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, the Director as Accounting Officer and the Board via the Audit Committee.

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 2013–14 the internal audit reporting work encompassed:

1. Emergency response planning
2. PAYE and expenses
3. Cutty Sark operational risks
4. Publishing
5. Membership scheme
6. Core financial controls
7. Visitor numbers
8. Exhibitions

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 given 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 2013–14 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 2013–14 year, the Head of Internal Audit stated that:

On the basis of the work completed, I can provide the Accounting Officer and the Audit Committee with reasonable assurance on the effectiveness of the Museum's risk management, control and governance processes reviewed as part of the 2013/14 Internal Audit plan, the scope and results of which have been agreed with management.

External Audit

The external audits of the 2013–14 accounts of National Maritime Museum Enterprises Limited were carried out by haysmacintyre.

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 action taken.

5. Matters arising in the year

We are able to confirm that there have been no significant internal control problems in the National Maritime Museum for the year ended 31 March 2014 and up to the date of this report.

6. The Museum's corporate governance

6.1 Scope of Responsibility

The Accounting Officer (the 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, the Department for Culture, Media and Sport, is governed by: the Interim Funding Agreement of 20 April 2011; the Spending Round 2013 letter of 3 July 2013; the Revised Allocation Letter for 2013–14 to 2015–16 of 20 December 2013; and the existing Management Statement and Financial Memorandum which date from 2002.

6.3 Risk Management

The Museum views risk management as an active part of its 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.

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 under its Service Level Agreement* with the entirely separate and independent Cutty Sark Trust – the owner of the ship itself.

Risks are usually classified under one or more of the following categories: operational, environmental, financial and reputational. In 2013–14 the register was expanded to include the risks associated with the Endeavour project.

At Departmental level, risks are monitored by the Senior Management Team which consists of the Heads of Departments.

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 - 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 have been:

- The flooding risk in the Sammy Ofer Wing was reduced to low (previously medium)

The Executive and Senior Management Team scrutinised the register to review the status of all the medium risks. This exercise resulted in a re-grading of three hitherto medium risks to be medium/high:

- Exhibition master plan – insufficient resources to implement totality of plan
- Fundraising – targets not aligned with exhibition/capital programmes
- Estates rationalisation – inappropriate strategy and ineffective management of NMM's assets

New risks identified and added were:

- The risk of utilities supply failure is now judged to be a medium net risk
- The risk of damage to or loss of significant loan objects was added and judged to be a medium net risk
- The operation of tablet computers on *The Great Map* was added and judged to be a medium net risk

A risk assessment of the Endeavour project (itself a mitigation of several estates risks) was agreed and the estates rationalization risks were closed having been subsumed within the Endeavour project.

The principal external risk is the reduction of Grant-in-Aid

The Museum has received a further reduction in Grant-in-Aid funding for the year 2015–16. The Trustees are instigating plans to minimize the inevitable public-facing impact of this reduction in Grant-in-Aid while continuing to provide free access to the national collection.

The strategic importance of finding more efficient ways of working and growing self-engendered income is on-going and receives maximum attention.

Information risk

In December 2010 the Museum adopted an Information Security policy. This policy sets out the guidelines which all staff must comply with in order for the Museum to meet the requirements set out in the HMG Security Policy Framework of 2008 and other data handling and other legislative requirements, for the secure management of information. It applies to all information used, received or created whilst carrying out the business of the Museum. The Museum is not aware of suffering any lapses of protective security (including data incidents) during 2013–14 or previous years and has made no such report to the Information Commissioner's Office. Please see D. Governance Statement below for a statement outlining the preventative actions that have been taken to manage information risk.

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 2014

Gerald Russell, Chairman of the Audit Committee

24 June 2014

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 2014 under the Museums 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 the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of National Maritime Museum's affairs as at 31 March 2014 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 Museum and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date

7 July 2014

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

**Consolidated Statement of Financial Activities
for the year ended 31 March 2014**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2014 £'000	Total 2013 £'000
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary Funds						
- Grant in Aid		16,154	229	-	16,383	16,848
- Other		592	5,750	-	6,342	2,617
Total Voluntary Funds	2	16,746	5,979	-	22,725	19,465
Activities for Generating Funds						
- Trading Income	3	2,993	89	-	3,082	2,572
- Other	4	4,680	-	-	4,680	4,683
Total Activities for Generating Funds		7,673	89	-	7,762	7,255
Investment Income	5	146	1	8	155	219
Total Incoming Resources from Generated Funds		24,565	6,069	8	30,642	26,939
Incoming Resources from Charitable Activities						
Safeguarding & Enhancing the value of its Assets		385	20	-	405	469
Maximising Access & Inspiration for its Users		99	-	-	99	2
Satisfying its Stakeholders; Locally, Nationally & Internationally		593	-	-	593	565
Total Incoming Resources from Charitable Activities	6	1,077	20	-	1,097	1,036
Total Incoming Resources		25,642	6,089	8	31,739	27,975
Resources Expended						
Cost of Generating Funds						
Costs of Generating Voluntary Funds		952	-	-	952	949
Costs of Activities for Generating Funds						
- Trading Costs	3	1,208	-	-	1,208	1,099
- Other		7,127	89	-	7,216	3,279
Total Costs of Activities for Generating Funds		8,335	89	-	8,424	4,378
Investment Management Costs		37	1	4	42	40
Costs of Charitable Activities						
Safeguarding & Enhancing the value of its Assets		9,121	6,926	-	16,047	17,019
Maximising Access & Inspiration for its Users		989	983	-	1,972	3,210
Satisfying its Stakeholders; Locally, Nationally & Internationally		2,410	129	10	2,549	3,070
Governance Costs	8	170	-	-	170	174
Total Resources Expended	7	22,014	8,128	14	30,156	28,840
Net Incoming/(Outgoing) Resources before transfers		3,628	(2,039)	(6)	1,583	(865)
Transfers						
Transfers between funds	19,20	(5,270)	5,270	-	-	-
Net (Outgoing)/Incoming Resources before other Recognised Gains and Losses		(1,642)	3,231	(6)	1,583	(865)
Other Recognised Gains and Losses						
Revaluation Gain/(Loss) on Fixed Assets		-	9,130	-	9,130	2,307
Gain/(Loss) on Investments		150	2	11	163	590
Total Net Movement in Funds	9	(1,492)	12,363	5	10,876	2,032
Funds balance brought forward at 1 April 2013		20,579	110,209	638	131,426	129,394
Funds balance at 31 March 2014		19,087	122,572	643	142,302	131,426

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £781,906 (£352,000 - 2013) 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 2014

	Note	Group		Charity	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible Fixed assets	10	117,458	110,317	117,458	110,317
Heritage Assets	12	14,993	10,084	14,993	10,084
Available for Sale Investments	13	4,822	4,657	5,322	5,157
		<u>137,273</u>	<u>125,058</u>	<u>137,773</u>	<u>125,558</u>
Current assets					
Stock	15	362	378	72	49
Debtors: Amounts falling due within one year	16	1,645	2,415	2,095	2,251
Short-Term Deposit	23	4,684	7,656	4,684	7,656
Cash at bank and in hand	23	4,454	2,071	3,359	1,597
		<u>11,145</u>	<u>12,520</u>	<u>10,210</u>	<u>11,553</u>
Current liabilities					
Creditors: Amounts falling due within one year	17	(6,116)	(6,152)	(5,740)	(5,744)
Net current assets		<u>5,029</u>	<u>6,368</u>	<u>4,470</u>	<u>5,809</u>
Net Assets		<u>142,302</u>	<u>131,426</u>	<u>142,243</u>	<u>131,367</u>
Income Funds					
Restricted funds:	19				
Fair Value Reserve		16	13	16	13
Revaluation Reserve		17,274	8,144	17,274	8,144
Other Restricted Funds		105,282	102,052	105,282	102,052
Total Restricted Funds		<u>122,572</u>	<u>110,209</u>	<u>122,572</u>	<u>110,209</u>
Unrestricted funds:	20				
Fair Value Reserve		1,055	901	1,055	901
Designated funds		15,610	17,195	15,551	17,136
General funds		2,422	2,483	2,422	2,483
Total Unrestricted Funds		<u>19,087</u>	<u>20,579</u>	<u>19,028</u>	<u>20,520</u>
Capital Funds					
Fair Value Reserve	21	62	54	62	54
Endowment Funds		581	584	581	584
Total Endowment Funds		<u>643</u>	<u>638</u>	<u>643</u>	<u>638</u>
Total Funds		<u>142,302</u>	<u>131,426</u>	<u>142,243</u>	<u>131,367</u>

Sir Charles Dunstone, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

24 June 2014

**Consolidated Cash Flow Statement
For the Year Ended 31 March 2014**

Cash Flow Statement	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	23	6,813	523
Returns on investments and servicing of finance			
Interest received		155	219
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(7,555)	(4,432)
Payments to acquire investments	13	(1)	(101)
Proceeds from sale of investments	13	-	-
Management of Liquid Resources			
Decrease/(Increase) in short term deposits		2,972	1,937
Increase/ (Decrease) in cash	23	<u>2,384</u>	<u>(1,854)</u>

The notes on pages 60 to 75 form part of these accounts.

**Notes to the Consolidated Accounts
For the Year Ended 31 March 2014**

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 2006, 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

£16,382,000 (£16,848,000 - 2013) of Grant-in-Aid has been received from the Department for Culture, Media and Sport during the year.

		Unrestricted	Restricted	Endowment		
		Funds	Funds	Funds	2014	2013
		£'000	£'000	£'000	£'000	£'000
Operating Expenditure		14,446	-	-	14,446	14,867
Pension Uplift		-	-	-	-	111
Capital Grant		1,708	-	-	1,708	1,633
Historic Ships Unit		-	229	-	229	237
Total Grant in Aid	Note 24	16,154	229	-	16,383	16,848
Donations		592	1,824	-	2,416	676
Donations - Capital Projects		-	983	-	983	1,416
Donated Objects		-	162	-	162	525
Heritage Lottery Fund	Note 24	-	2,780	-	2,780	-
Total Voluntary Funds		16,746	5,979	-	22,725	19,465

Donated objects are artefacts given to the Museum with a value of £162,204 (£525,000 - 2013). 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 £983,000 (£1,416,000 - 2013).

3 Results of Trading Subsidiary

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

Profit and Loss Account

	2014	2013
	£'000	£'000
Trading Income	2,177	1,779
Cost of sales	(963)	(876)
Gross profit	1,214	903
Income from other commercial activities	905	793
Administrative expenses	(1,340)	(1,347)
Operating profit	779	349
Interest receivable and similar income	3	3
Profit on ordinary activities before taxation	782	352
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	782	352
Gift Aid donation to the Charity	(782)	(352)
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 £1,095,000 (£1,124,000 - 2013) from the Museum.

Profits on ordinary activities after taxation of £781,906 (£352,000 - 2013) have been distributed as Gift Aid to the Charity.

Balance Sheet

	2014	2013
	£'000	£'000
Current Assets	1,964	1,405
Current Liabilities	(1,405)	(846)
Total current assets less current liabilities	559	559

Capital and Reserves

	2014	2013
	£'000	£'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

	2014	2013
	£'000	£'000
Trading income	2,177	1,779
Income from other commercial activities	905	793
Trading income per SOFA	<u>3,082</u>	<u>2,572</u>
Administrative expenses & cost of sales	2,303	2,223
Intercompany transactions	(1,095)	(1,124)
Trading costs per SOFA	<u>1,208</u>	<u>1,099</u>
Investment income	3	3
Intercompany transactions	-	-
Investment income included within SOFA	<u>3</u>	<u>3</u>

4 Activities for Generating Funds - Other

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

	Unrestricted			Restricted Endowment	
	Funds	Funds	Funds	2014	2013
	£'000	£'000	£'000	£'000	£'000
Admissions	3,254	-	-	3,254	2,602
Compensation	21	-	-	21	641
Donations	5	-	-	5	110
Event Attendance	8	-	-	8	4
Membership	183	-	-	183	147
Publications	28	-	-	28	27
Recharged expenses	1,084	-	-	1,084	1,123
Royalties	5	-	-	5	4
Miscellaneous Other	92	-	-	92	25
	<u>4,680</u>	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,683</u>

Income of £1,084,000 (£1,017,000 - 2013) was received from the Cutty Sark Trust for recharge of staff costs for the provision of management services.

5 Investment Income

Investment income is made up as follows:

	Unrestricted			Restricted Endowment	
	Funds	Funds	Funds	2014	2013
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	73	-	6	79	81
Interest receivable - Bank interest	18	-	-	18	19
Interest receivable - Fixed Term Deposits	55	1	2	58	119
	<u>146</u>	<u>1</u>	<u>8</u>	<u>155</u>	<u>219</u>

Investment income received by the Museum's three Trust accounts is allocated to the funds proportionately based on the prior year's 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

	Safeguard & Enhance Assets £'000	Maximise Access £'000	Satisfy Stake- holders £'000	Total Funds 2014 £'000	2013 £'000
Incoming Resources from Charitable Activities include the following:					
Car Parking	20	-	-	20	14
Conferences	13	-	-	13	5
Compensation	50	-	-	50	131
Filming & Photography	35	-	-	35	12
Licensing	16	-	-	16	183
Open Museum	-	-	173	173	31
Recharges	42	-	420	462	451
Reproductions, Plans & Print Sales	185	-	-	185	25
Research	6	-	-	6	5
Revenue Grant	20	4	-	24	32
Other	18	95	-	113	147
	405	99	593	1,097	1,036

An amount of £420,000 (£414,000 - 2013) was received from the Cutty Sark Trust for services provided to it during the 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 the 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:

	2014 %	2013 %
Voluntary Expenses	37	39
Activities for Generating Income	19	12
Investment Expenses	1	1
Safeguard and Enhance Assets	30	35
Maximise Access	4	7
Satisfy Stakeholders	5	2
Governance	4	4

	Direct Activities £'000	Support Cost Allocation			Total 2014 £'000	Total 2013 £'000
		Directorate £'000	Finance £'000	HR £'000		
Costs of Generating Funds						
Costs of generating voluntary funds	-	412	147	393	952	949
Costs of activities for generating funds	7,925	216	77	206	8,424	4,378
Investment management costs	16	11	4	11	42	40
Costs of Charitable Activities						
Safeguard & enhance assets	15,289	328	117	313	16,047	17,019
Maximise access	1,877	41	15	39	1,972	3,210
Satisfy Stakeholders	2,427	53	19	50	2,549	3,070
Governance	68	44	16	42	170	174
Total Resources Expended	27,602	1,105	395	1,054	30,156	28,840

	2014 £'000	2013 £'000
(a) Staff Costs		
Wages and salaries - Permanent Staff	11,925	11,653
Wages and salaries - Agency and Temporary Staff	380	292
Wages and salaries - Consultancy Staff	-	-
Social security costs	1,037	1,047
Pension costs	1,094	979
Early retirement and termination costs	14	69
	14,450	14,040

No Consultancy Staff were used during the year, therefore no tax assurances were required.

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

	Staff	Temporary, Contract & Agency	Total 2014	Total 2013
Costs of Generating Funds				
Costs of Generating Voluntary Funds	-	-	-	-
Costs of Activities for Generating Funds	136	1	137	123
Costs of Charitable Activities				
Safeguard & Enhance Assets	293	5	298	281
Maximise Access	20	1	21	23
Satisfy Stakeholders	17	6	23	25
Administration/Support Costs				
	25	-	25	27
	491	13	504	479

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 was as follows:

	2014	2013
£60,000 - £65,000	-	3
£65,001 - £70,000	2	1
£70,001 - £75,000	1	1
£75,001 - £80,000	-	-
£80,001 - £85,000	1	-
£85,001 - £90,000	-	1
£90,001 - £95,000	2	1
£95,001 - £100,000	1	2
£100,001 - £105,000	1	-
£115,001 - £120,000	-	-
£130,001 - £135,000	1	1
	9	10

The highest earning Director transferred taxable benefits to their pension plan. Further information is available in the remuneration report on page 31.

Of the nine employees with earnings over £60,000 per annum there are two for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution for these individuals to the PCSPS was £35,491 (£35,067 - 2012-13) and to the NMM Group Personal Pension Plan was £72,209 (£56,337 - 2012-13).

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 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 1 April 1994.

For 2013-14, employers' contributions of £165,000 were payable to the PCSPS (£168,000 - 2012-13) at one of four rates in the range 16.7% to 24.3% percent of pensionable pay, based on salary bands. 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 2013-14 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 personal pension scheme into which the employer contributes between 8.5% and 10% of pensionable salary. The employee contributes a minimum of 1.5% or 3% of pensionable salary.

Employers' contributions of £927,000 were paid in 2013-14 (£806,000 - 2012-13) into the Group Personal Pension scheme. This is a defined contribution scheme. The increase in contributions is mainly due to increased membership as a result of Auto Enrolment from 1 November 2013.

Other Personal Pension Scheme

Contributions of £1,283 were paid in 2013-14 (£5,000 - 2012-13) to other private pension schemes on behalf of individuals.

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

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

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2013). Expenses reimbursed (for travel and subsistence) to three Trustees amounted to £331 (£14 - one Trustee 2013).

c) Grants Made

The Museum has made in 2013-14 the following grants in relation to Safeguarding and Enhancing the Value of Assets:

		Provided in these accounts £000	Committed for 2014-15 but not provided in these accounts £000
The National Trust	i	35	35
Royal Museums Greenwich Foundation	ii	1500	-
		1535	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. Grant to the Royal Museums Greenwich Foundation for use in achieving its charitable objectives.

8 Governance

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

	2014 £'000	2013 £'000
External Audit	42	39
Internal Audit	28	26
Apportionment of Support Costs	100	109
	170	174

The external audit fee of £41,500 (£39,000 - 2013) does not include any fees for non-audit work.

The external audit fee is for the audit of the Museum and Trusts only. External audit fees for the audits of NMME of £9,000 have been included within Activities for Generating Funds - Trading Costs.

9 Total Net Movement in Funds

	2014 £'000	2013 £'000
Net movement in funds	10,876	2,032

Net movement in funds includes the following charges:

Auditors' remuneration - for Museum (within Governance Costs)	42	39
Auditors' remuneration - for NMME and Trusts (within Costs of Generating Funds)	9	15
Lease rental payments on land and buildings	363	321
Lease rental payment - other	14	55
Movement in provision for bad debts	5	9
Loss on Disposal of Assets	7	2
Depreciation	4,790	4,538

For the year 2013-14 the audit fee for the Trusts is included in the audit fee for the Museum (2012-13 included in audit fee for NMME)

10 Tangible Fixed Assets

	Freehold Land and Buildings £'000	Fixtures & Fittings £'000	Plant & Equipment £'000	Computer & Network Equipment £'000	Motor Vehicles £'000	Assets under Construction £'000	Total £'000
Cost or valuation:							
At 1 April 2013	100,005	17,000	5,243	3,016	109	1,885	127,258
Additions	523	1,116	223	336	25	585	2,808
Disposals	-	(4)	(14)	(107)	-	-	(125)
Transfers Between Asset Class	-	1,885	-	-	-	(1,885)	-
Revaluation gain	6,926	-	-	-	-	-	6,926
At 31 March 2014	107,454	19,997	5,452	3,245	134	585	136,867
Accumulated depreciation:							
At 1 April 2013	-	11,288	3,187	2,381	85	-	16,941
Depreciation Charge for the year	2,204	1,403	862	311	10	-	4,790
Disposals	-	(4)	(14)	(100)	-	-	(118)
Revaluation gain	(2,204)	-	-	-	-	-	(2,204)
At 31 March 2014	-	12,687	4,035	2,592	95	-	19,409
Net Book Value at 31 March 2014	107,454	7,310	1,417	653	39	585	117,458
Net Book Value at 31 March 2013	100,005	5,712	2,056	635	24	1,885	110,317

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 2014 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 ownerships 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 2013-14:

	Cost Revaluation	
	£'000	£'000
Main site - Land and Buildings	82,608	87,772
Royal Observatory - Land and Buildings	14,158	16,902
The Brass Foundry - Land and Buildings	331	678
Kidbrooke Stores - Land and Buildings	1,448	2,102
	98,545	107,454

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

	2014	2013
	£'000	£'000
Contracted for but not provided in the accounts	153	294

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

12 Heritage Assets

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 2014 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 related to 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, instruments for time-keeping and astronomy (based at the Observatory).

Its portraits' collection is only exceeded in size by the National Portrait Gallery's 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 (this figure includes material not catalogued in Mimsy XG database such as the Library working collection, manuscripts, post 1900 charts and historic photographic prints) sub-divided into 25 collection categories: Archaeology, Applied and Decorative Arts, Coins, Medals and Heraldry, 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.

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
- 4,000 oil paintings
- 70,000 prints and drawings
- 1 million Ship Plans
- Up to 1 million Historic Photographs
- 280,000 negatives
- 44,500 3D objects: Incl. small craft, ship models, coins and medals, decorative art, figureheads, relics, horological instruments, uniforms, weapons etc.

The Museum's collections are used to illustrate for everyone the importance of the sea, ships, time and the stars and their relationship to people, which is interpreted through four major research areas: maritime and decorative art; maritime science and technology, maritime and world history, and the history of maritime Greenwich.

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 four departments within the Collections and Curatorial Division: Collections Management; Conservation & Preservation, Library & Archive, and Research.

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; comprising Registration, Documentation & Audit and Storage & Movement.

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.

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.

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.

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.

Policies governing the management and collections care activities

The NMM maintains a suite of policies which combine to create 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.

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.

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.

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.

The NMM also has a suite of policies governing the conservation and preservation of collections including a Conservation Policy, Lighting Policy, Environmental Preservation Policy and an integrated approach to managing insects and pests (IPM).

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)

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 2010

Cost or Valuation:	2010	2011	2012	2013	2014
	£'000	£'000	£'000	£'000	£'000
As at 1 April	4,172	4,588	4,862	8,927	10,084
Collection Addition - Purchased	125	31	164	632	4,747
Collection Addition - Donated	291	243	3,901	525	162
As at 31 March	<u>4,588</u>	<u>4,862</u>	<u>8,927</u>	<u>10,084</u>	<u>14,993</u>

13 Investments

	Group		Charity	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Quoted Investments				
Market value at 1 April 2013	4,657	3,966	4,657	3,966
Additions	1	101	1	101
Disposal Proceeds	-	-	-	-
Loss on Disposal	-	-	-	-
Net Gain/(Loss) on revaluation	164	590	164	590
Market value at 31 March 2014	<u>4,822</u>	<u>4,657</u>	<u>4,822</u>	<u>4,657</u>
Historical cost as at 31 March 2014	<u>3,690</u>	<u>3,689</u>	<u>3,690</u>	<u>3,689</u>
Unquoted Investments:				
Cost as at 31 March 2014	-	-	500	500
Total Investments	<u>4,822</u>	<u>4,657</u>	<u>5,322</u>	<u>5,157</u>

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 2014 - Sterling	13,960	4,454	4,684	4,822	1.1%	3 Months
Year ended 31 March 2013 - Sterling	14,384	2,071	7,656	4,657	1.3%	3 Months

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

Reconciliation to the Balance Sheet

	2014 £'000	2013 £'000
Cash	4,454	2,071
Investments (Current Assets)	4,684	7,656
Investments (Fixed Assets)	4,822	4,657
Total	13,960	14,384

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 £572,000 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 £28,407 (£3,215 - 2013). Of the £572,000 trade debtors, £193,000 (£228,000 - 2013) 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	
	2014 £000	2013 £000	2014 £000	2013 £000
Goods for resale	362	378	72	49

16 Debtors: Amounts falling due within one year

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	572	691	319	258
Amount owed by subsidiary	-	-	782	352
Prepayments	575	681	566	677
Taxation (VAT)	105	334	105	334
Accrued income	195	553	195	509
Other debtors	198	156	128	121
Total	1,645	2,415	2,095	2,251
Balances with Central Government Bodies	191	363	191	363
Balances with local authorities	2	5	2	5
Balances with bodies external to government	1,452	2,047	1,902	1,883
Total	1,645	2,415	2,095	2,251

Of the £572,000 trade debtors, £193,000 (£228,000 - 2013) relates to the service level agreement in place with the Cutty Sark Trust.

Accrued income includes £175,000 of income due from restricted grant funding for specific projects undertaken by the Museum in the 2013-14 year.

Other debtors includes £63,000 of unrepresented credit card income (£71,000 - 2013).

17 Creditors: Amounts falling due within one year

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade creditors	1,100	1,573	1,082	1,545
Other creditors	78	87	131	117
Taxation and social security	311	281	272	270
Accruals	3,279	3,639	3,278	3,600
Deferred income	1,348	572	977	212
Total	6,116	6,152	5,740	5,744
Balances with Central Government Bodies	311	549	272	538
Balances with local authorities	-	30	-	30
Total	311	579	272	568
Balances with bodies external to government	5,805	5,573	5,468	5,176
Total	6,116	6,152	5,740	5,744

18 Operating Leases

As at 31 March 2014 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'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	-	1
- In the second to fifth year	14	13	14	13
- After five years	-	-	-	-
Total	14	14	14	14

19 Restricted Funds

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

	Balance 1 Apr 2013 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2014 £'000
Land and Buildings Fund	91,861	-	(2,204)	-	523	90,180
Revaluation Reserve	8,144	-	-	9,130	-	17,274
Sammy Ofer Wing Fund	-	-	-	-	-	-
Special Purpose Funds	-	5,620	(5,620)	-	-	-
Collections Capital Fund	10,084	162	-	-	4,747	14,993
National Historic Ships UK Fund	-	270	(270)	-	-	-
No. 3 Trust Fund - Sackler Caird Fund	43	36	(34)	2	-	47
No. 3 Trust Fund - Anderson Fund	72	1	-	-	-	73
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
Total Restricted Funds including Fair Value Reserve	110,209	6,089	(8,128)	9,132	5,270	122,572

The above fund includes a balance of £16,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2014.

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 UK 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 2014.

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 2013 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2014 £'000
Tangible Asset Fund	10,312	-	(2,587)	-	938	8,663
Designated Capital	-	1,708	-	-	(1,708)	-
Caird Fund	1,174	17	(34)	28	-	1,185
Development Fund	6,015	89	(11)	114	-	6,207
No. 3 Trust Fund	536	7	(1)	9	-	551
Trading Funds	59	3,085	(2,303)	-	(782)	59
Designated Funds	18,096	4,906	(4,936)	151	(1,552)	16,665
General Funds	2,483	20,736	(17,078)	(1)	(3,718)	2,422
	20,579	25,642	(22,014)	150	(5,270)	19,087

The above fund includes a balance of £1,055,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2014.

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 **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 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.

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

21 Endowments

	Balance 1 Apr 2013 £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Balance 31 Mar 2014 £'000
Permanent endowments:					
The Caird Fund	479	7	(14)	11	483
The Sackler Fund	159	1	-	-	160
	638	8	(14)	11	643

The above fund includes a balance of £62,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2014.

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 £'000	Unrestricted General Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2014 £'000
Fund balances at 31 March 2014 are represented by:					
Heritage Assets	-	-	14,993	-	14,993
Tangible Fixed assets	10,004	-	107,454	-	117,458
Investments	4,054	-	125	643	4,822
Current assets	8,723	2,422	-	-	11,145
Creditors: Amounts falling due within one year	(6,116)	-	-	-	(6,116)
Group Net Assets	16,665	2,422	122,572	643	142,302

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

**Reconciliation of movements
in unrealised gains on land and buildings:**

Unrealised gains at 1 April 2013
Net gain arising on revaluation
Unrealised gains at 31 March 2014

Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2014 £'000
-	8,144	-	8,144
-	9,130	-	9,130
-	17,274	-	17,274

**Reconciliation of movements
in unrealised gains on investments:**

Unrealised gains at 1 April 2013
Net gain arising on revaluations
Unrealised gains at 31 March 2014

Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2014 £'000
901	13	54	968
150	2	11	163
1,051	15	65	1,131

23 Reconciliation of net incoming resources to net cash inflow from operating activities

Net (outgoing)/incoming resources
Donated Objects
Depreciation charges
Investment income
(Increase)/Decrease in stock
(Increase)/Decrease in debtors
(Decrease)/Increase in creditors
Decrease in provisions
Loss on Disposal of Fixed Assets

	2014 £'000	2013 £'000
	1,583	(865)
Note 12	(162)	(525)
Note 10	4,790	4,538
Note 5	(155)	(219)
Note 15	16	(29)
Note 16	770	(1,015)
Note 17	(36)	(1,364)
	-	-
Note 10	7	2

Net cash inflow from operating activities

6,813	523
-------	-----

Reconciliation of increase in cash to movement in net funds

(Decrease)/Increase in cash in the period
(Decrease)/Increase in liquid resources in the period
Change in net funds resulting from cash flows
Net funds at 1 April 2013
Net funds at 31 March 2014

2014 £'000	2013 £'000
2,383	(1,854)
(2,972)	(1,937)
(589)	(3,791)
9,727	13,518
9,138	9,727

Analysis of net funds

Held at Commercial Banks
Held at Government Bank Service
Cash in Hand
Liquid resources - Short Term Deposit
Net funds

	At 1 Apr 2013 £'000	Cashflow 31 Mar 2014 £'000	At 31 Mar 2014 £'000
	2,055	2,367	4,422
	1	12	13
	15	4	19
	7,656	(2,972)	4,684
	9,727	(589)	9,138

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 arm's length with the Department. There were no outstanding balances at the end of the year.

		2014	2013
		£'000	£'000
Grant in Aid received		14,675	15,215
Capital Grant in Aid received		1,708	1,633
Total received from DCMS	Note 2	<u>16,383</u>	<u>16,848</u>

b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants from the Heritage Lottery Fund in the year of £2,862,721 (Nil - 2013). The HLF shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £8,517 (Nil- 2013) at the end of the year.

		2014	2013
		£'000	£'000
Capital Grants received from the Heritage Lottery Fund	Note 2	<u>2,780</u>	<u>-</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 expenditur e during the year £'000	Nature of transaction
Lloyds Register Education Trust	D Moorhouse, Chairman of Trustees of the related party, served as a Trustee during the year	96		Grant 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
Royal Museums Greenwich Foundation	E Boddington, a Trustee of the related party, served as a Trustee during the year	10		Expenditure recharges
BBC	C Lintott, freelancer for the related party, served as a Trustee during the year.	5		Income from image use
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year	3		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		1,500	Grants made
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year		122	Rental at No1 Smithery, Chatham
Imperial War Museum	C Lintott, who provided research assistance to the related party, served as a Trustee during the year		8	Research assistance
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
Museums Association	K Fewster, President of the related party, served as Director during the year		6	Conference and membership costs
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
ICCM	K Fewster, a Member of the related party, served as Director during the year		1	Membership costs
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
		<u>133</u>	<u>1,650</u>	

At the year end there is a creditor balance of £1,500,000 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 £1,494 and expenditure of £1,184.

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. 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.

ISBN 978-1-4741-0737-2



9 781474 107372