

National Maritime Museum Annual Report and Accounts 2015-2016

National Maritime Museum Annual Report and Accounts 2015-2016

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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i MUSEUM BACKGROUND

The National Maritime Museum at Greenwich is the largest maritime museum in the world. The Museum was founded by statute in 1934 and it now includes the Queen's House, the Royal Observatory, Greenwich and the clipper ship *Cutty Sark*. The collective brand name for the four sites is Royal Museums Greenwich. The four sites are open 362 days a year and in 2015–16 welcomed some 2.5 million visits from Britain and around the world and 4.4 million visits to its website www.rmg.co.uk.

The Board of Trustees of the National Maritime Museum is a statutory corporation, is an exempt charity, and is classed as an Executive Non-Departmental Public Body. In 2015–16 it had an annual income of some £29 million and a staff of 476 full-time equivalents, under the Board of Trustees, the Director, and an Executive.

The Museum's total income in 2015–16 of £29m constituted £13.5m (47%) from its self-engendered trading activity, donations and sponsorship; and £15.5m (53%) of funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport. Entry to the national maritime collection is free, although admissions charges are made for special exhibitions, the Peter Harrison Planetarium, the Greenwich Meridian Line and the Time Galleries and *Cutty Sark*.

History and Collection

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

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

The Museum has a number of storage outstations in south-east London close to its main site which are currently being rationalized and consolidated as part of the Museum's Endeavour project.

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 major *Time and Space* 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 provides a new Museum main entrance from the Royal Park, state-of-the-art facilities for our pre-eminent research archive and a custom-built special exhibitions gallery.

In April 2012 Her Majesty The Queen reopened the fully conserved *Cutty Sark* to the public. At that time the Museum had the responsibility for the operational management of the ship under a Service Level Agreement with the then owner of the ship, the Cutty Sark Trust. At the end of July 2015 the ship was generously donated as a gift by the Trustees of the Cutty Sark Trust in to the national maritime collection held by the Museum.

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 (135,000 volumes) including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and abroad. Through its displays, exhibitions and outreach programmes the Museum also explores our current relationship with the sea, and its future as an environmental force and resource.

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

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

ii MISSION, 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 **Objective** is to:

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

The Museum's **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 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.

1. CHAIRMAN'S FOREWORD

On 20 June 2016 construction work started on site in Kidbrooke for our new collections store and conservation facilities. Funding for this project was enabled by the Department for Culture Media and Sports new loans initiative and we are very grateful for their continued support. This element of the Endeavour project addresses our long-standing needs for collection storage, public access to the reserve collections and conservation studios. Development of our facility in Kidbrooke will not just comprise stores and studios – we will be realising a long-standing ambition to create an open store, to make easily accessible our vast reserve collections to researchers and the general public, and to open up a window for the public to our conservation work.

We are honoured to report that HRH The Duke of Edinburgh, our Patron has granted our request that the new facility be named: The Prince Philip Maritime Collections Centre.

Prince Philip has been actively engaged with and has given his massive support to this museum for nearly 70 years as Trustee and most recently as Patron. The naming of the collections centre, with its functions, themes and activities makes a very fitting tribute to Prince Philip's unique and continuing involvement with the Museum and to his great interest in and knowledge of the national maritime collection and its ability to tell the nation's story.

Last year I was very pleased to be able to record that the Trustees of the Cutty Sark Trust presented *Cutty Sark* as a gift to the national collection and that the Trustees of the National Maritime Museum warmly accepted this most important donation. The great clipper ship continues to be a very popular attraction and Sir Robin Knox-Johnston, the first person to sail a solo non-stop circumnavigation of the globe, was on board on 12 August 2015 to make a presentation to the ship's millionth visitor since re-opening to the public in 2012.

Sir Francis Drake had the distinction of being the first Englishman to circumnavigate the globe. Royal Museums Greenwich has just launched a major fundraising campaign with the Art Fund to purchase the truly iconic Armada Portrait of Queen Elizabeth I which was evidently owned - or may even have been commissioned by Sir Francis himself.

The portrait encapsulates the creativity, ideals and ambitions of the first Elizabethan era, it is amongst the most famous images of British history, a staple in school textbooks and the inspiration for countless portrayals of Elizabeth I in film or on stage.

If the fundraising campaign is successful, the painting, which speaks about our maritime nation, will enter public ownership for the first time in its 425-year history. Greenwich is the perfect home for the Armada portrait. Elizabeth I was born at Greenwich Palace in 1533 and the early 17th-century Queen's House, the last remaining part of the palace, is reopening later in 2016 following our major restoration for its 400th anniversary. The portrait will be the centrepiece of a great programme of displays, talks, tours, and education initiatives and with 2016 being the 90th birthday year of our present Queen, there could not be a more appropriate way to celebrate the second great Elizabethan era.

These are busy, exciting and inspiring times for Royal Museums Greenwich. The Trustees and I are very pleased to thank all those involved in this voyage.

Sir Charles Dunstone, Chairman of the Board of Trustees

23 June 2016

2. DIRECTOR'S STATEMENT

Royal Museums Greenwich performed strongly, externally and internally, during 2015-16, fulfilling our remit to deliver stimulating experiences for our visitors and to be a dynamic organisation for our many stakeholders and supporters. Notable features and highlights for the year, aligned according to the four Aims of our Corporate Plan, included:

1. Put visitors first

- *Against Captain's Orders* was widely praised as an especially innovative programme
- *Samuel Pepys* exhibition critically acclaimed by media and visitors
- On all measures, the *Ahoy!* children's gallery was a massive success, significantly changing our visitor demographics
- The *Re-Think Migration* exhibition was applauded for tackling a complex current topic
- A record attendance year with over 200k visitors to the Peter Harrison Planetarium.

2. Value our heritage

- Major acquisitions included: *Cutty Sark* and its collections and the Hilton Trafalgar flag
- The completion and launch of the 1915 Crew List project, a significant contribution to national WWI centenary commemorations
- The publication of a broad range of high quality publications including my personal favourites: *Samuel Pepys: plague, fire, revolution* edited by Dr Margarete Lincoln and *In Nelson's Wake: the Navy and the Napoleonic Wars*, by Dr James Davey.

3. Extend our reputation

- The completely renewed RMG website was successfully launched in November 2015
- Our *Ships, Clocks & Stars* exhibition toured to two prestigious US venues, and the Travellers' Tales programme took Stubbs' Kangaroo painting to three regional venues across UK
- Our international work and commitment was enhanced by my serving as President of the International Congress of Maritime Museums, and RMG staff member Sally Archer taking on role as Secretary General.

4. Strengthen our organisation

- Strong sponsorship support was secured for our major exhibitions (RSA for *Pepys*, and Boeing for *Above and Beyond*, Insight Investment for Astronomy Photographer of the Year, BAE Systems for the *Battle of Jutland*) and HSBC's sponsorship was renewed
- Endeavour Project: Kidbrooke building designed and planning approval was secured – construction has now started. Excellent progress is also being made with the design of the four new permanent galleries
- A Staff Engagement Survey was undertaken and this is being followed up with various engagement and communication strategies instituted in time for new open plan office accommodation. Investors in People reaccreditation was achieved in November 2015.

Finally, our expanded Insight Astronomy Photographer of the Year competition continues to build. This year we received a record numbers of entries and achieved some fantastic media attention. Our youngest winner was Philippe Rowland who aged only 7 won the Highly Commended award for the Young Competition with an image of the total solar eclipse he took on his iPad Mini camera while on a plane to Denmark with his family. Amazing.

It gives me great pleasure to record my thanks to all my colleagues and our many volunteers, supporters, Patrons, and Members for their hard work and commitment in a year full of achievement for the Museum.

Dr Kevin Fewster, A.M., Director

3. REVIEW OF ACTIVITIES, ACHIEVEMENTS & PERFORMANCE

The following section is a brief review of the activities and achievements of 2015–16 (so necessarily contains only a selection of the Museum's work over the year). The section is structured in accordance with the Museum's four Aims in its 2015–18 Corporate Plan *Stimulating Curiosity*.

AIM 1: PUT VISITORS FIRST

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

Temporary exhibitions:

Against Captain's Orders: A Journey into the Uncharted (28 March 2015 to 31 August 2015)

This was a collaboration between Royal Museums Greenwich and Punchdrunk Enrichment, the acclaimed 'theatrical experience' company. The experience ran from the start of the Easter school holidays (28 March 2015), continuing to the end of the Summer school holidays (31 August). While the experience performed just short of commercial expectations, its innovative approach was heralded, it has had a transformative impact on the cultural sector and its value could be equally measured in what it did for the RMG brand and reputation as an innovative venue. The production reached out and attracted new audiences, challenged schools in their perception of a Museum for curriculum based learning and garnered favourable reviews and excellent feedback from participants.

Samuel Pepys: Plague, Fire, Revolution (20 November 2015 to 28 March 2016)

"history rivetingly brought to life" ★★★★★ The Telegraph; "A terrific exhibition" Jeremy Paxman, The Financial Times; "an absorbing show" ★★★★★ Evening Standard; "Best exhibition I've seen all year" @JudeRHolland

The Museum's landmark 2015 exhibition, sponsored by RSA, delved into the turbulent history of Stuart London with famous diarist, and Secretary to the Admiralty, Samuel Pepys as guide.

Samuel Pepys was one of the most colourful and appealing characters of the 17th century, and witness to the great events that shaped Stuart Britain, brilliantly brought to life in his famous diary. He lived through a time of turmoil which saw kings fighting for their crowns, the devastation of medieval London by plague, fire and war, and its resurrection as a world city.

The exhibition featured 200 paintings and objects from museums, galleries and private collections across Britain and beyond and was greatly enjoyed by some 67k visitors. Moreover, many hundreds of Members and visitors enjoyed and took part in the wide range of programming and events surrounding the exhibition – notable amongst which was the Pepys Book Slam event with Will Self on 29 January 2016 which showed a range of Pepys-related library and archive material.

Jutland 1916 (opened on 20 May 2016)

Our new free *Jutland 1916* gallery, sponsored by BAE Systems and part of our World War I commemorations and programmes, opened at the National Maritime Museum to mark the centenary of the Battle of Jutland, the largest sea battle of the First World War. The display presents the compelling story of the ships, technology, strategy and impact of the battle on both the men who fought and their families. We are grateful to Nick Jellicoe, grandson of Admiral Sir John Jellicoe, Commander-in-Chief of the Grand Fleet, for his tireless support of the gallery and its central animation which explains the time and space aspects of the battle which would otherwise be difficult to assimilate from a conventional narrative.

Insight Astronomy Photographer of the Year:

This expanded is now the biggest international competition of its kind, annually showcasing the most beautiful and spectacular visions of the cosmos shot by astrophotographers worldwide.

The competition is organised by the Royal Observatory Greenwich in association with Insight Investment and BBC Sky at Night Magazine.

The awe evoking winning images from the Astronomy Photographer of the Year 2015 competition can be seen in this free exhibition at the Astronomy Centre, Royal Observatory Greenwich until Sunday 7 August 2016.

Touring Exhibitions

- *Ships, Clocks and Stars* opened at Mystic Seaport in late September 2015 than at the Australian National Maritime Museum in May 2016
- *Visions of the Universe* opened at Sea City Museum in Southampton in October 2015.

New permanent galleries

Ahoy!

Our children's gallery for 0-7s opened on 22 March 2015 and has been a huge success. It has transformed, doubling, the number of visitors aged 0 -4 years to the Museum from 6% (Apr-Jun '14) to 12% (Apr-Jun '15), with 5-9yrs also increasing from 3% (Apr-Jun '14) to 7% (Apr-Jun '15). The 2015 autumn term saw 2,135 school children booked into Ahoy! for many classroom topics and learning projects.

RE·THINK:

This gallery gives visitors the space to explore, discover and reflect on the themes of the Museum, and create responses within the gallery. As part of our regularly changing programme of small exhibitions in the gallery, in early May we opened a small exhibition entitled *Rethink Migration* exploring historical and contemporary issues surrounding migration in partnership with The Migration Museum Project. The exhibition includes two short films made in association with the UN's International Maritime Organisation (IMO) exploring the current European migrant crisis.

Library and Archives

Outreach and Programmes

- The Library hosted an open day in July 2015 with nearly 300 in attendance
- *A Love in the Archives* session featuring love letters from Nelson and Matthew Flinders took place on Sunday 14th February
- Library staff took part in the Pepys Book Slam event with Will Self on 29 January 2016 showing a
- End of year figures show a 23% increase in visitors to the Library over the year and a 12% increase in the number of enquiries handled. It is especially pleasing to see the numbers of people visiting and using the Library increasing by such a substantial number. A key ambition for the Sammy Ofer Wing project was to increase the visibility and use of our wonderful library and the 4,776 visitors in 2015-16 are a good demonstration that this ambition is being realised.
- June 2015 saw the successful launch of the 1915 Crew Lists Project. This innovative project conducted in partnership with The National Archives has been 4 years in preparation. It has seen our body of 250 e-volunteers from around the world transcribe crew lists of the Merchant Navy from the First World War, and has created an invaluable online resource for family historians and researchers. This project was nominated in the Innovation category for the London Volunteers in Museums and Heritage awards and was Highly Commended. The site was launched with 2,000 users in its first month

- We have also started another partnership project with Ancestry.com to transcribe and digitise names and details of 249,000 patients admitted to the Dreadnought Hospital, Greenwich from 1826 to 1930. This project is expected to be completed by March 2017
- We are again partnering with the National Archives and Society for Nautical Research to recruit, train and manage a large pool of volunteers to work online recreating crew lists, officers and ratings, for all Royal Navy ships in WW1. We anticipate there will be around 6000 entries on the database when we launch in June 2016 - out of an estimated 500,000 navy personnel who were active during the war. The entire project is expected to be completed by 2018.

Collections

- 31 metres of records relating to P&O Nedlloyd kindly donated by Maersk and covering the development of container shipping in the second half of the 20th century are currently being catalogued.

NMM Learning

Formal and informal learning

- The new Leading Lives Nelson programme launched in September 2015. This is a gallery-led revision of the session for Business A-Level students comparing Nelson's leadership style to that of contemporary business leaders. A "Genuinely interesting and provocative session" (Teacher feedback from John Roan School)
- We worked in partnership with Emergency Exit Arts and Greenwich and Lewisham Young Peoples Theatre to support young people to develop new skills in devising theatre and performance pieces as part of Plague Takeover, an official *Kids in Museums* takeover event on 21 November 2015. This marked the opening of the Pepys exhibition and was supported with funding from the Aldgate and Allhallows Foundation
- The new Teachers Forum met on 2 February 2016 with a record attendance of 19 teachers who fed back on the Endeavour galleries and programme plans. The formal learning team worked hard to engage so many teachers and the feedback will be presented in the Endeavour evaluation
- An amazing discovery was made during a consultation workshop for the Pacific encounters gallery. A group of 15 people from a range of Pacific Islands visited the stores to examine selected objects for display in the gallery. A man from the Cook Islands was amazed to recognize his own family crest engraved on an adze; he opened his shirt to reveal a tattoo on his chest of exactly the same design. He explained the significance of the design to the group and that only his great-grandfather could have made this engraving. Very little had been known about the object previously so this incredible coincidence will enrich the interpretation infinitely
- We successfully embarked on the Oceans of Time project, an Arts and Dementia project developed in conjunction with Oxleas NHS Foundation Trust. Each week over a two-month period, eight people with dementia and their carers attended a session to explore our handling collection, library and archive items and music
- The Out at Sea LGBT event was held in February with lectures and public performances by the London Gay Men's Choir
- On 13 February 2016 *Cutty Sark* ran its first ever 'Sea SIGNs' event - a British Sign Language event for deaf and hearing families. The programmed activities throughout the day included tours, storytelling and craft activities. Events were led by deaf presenters using BSL and were accompanied by voice-over interpreters or delivered by spoken facilitators and supported by BSL interpreters. Approximately 700 people attended the event, of which 30-35 (5%) were deaf or had hearing difficulties.

Science Learning and Public Engagement at the Royal Observatory

Formal and informal learning

- Formal learning visits increased by 4% despite being close to capacity. Demand for the offer remains high with its strong delivery of learning outcomes

- Education video resources funded by the Science and Technology Facilities Council reached 100k people by the end of January with massive public response and strong ESA engagement. Views for all educational video resources exceeded 1m by the end of January
- The Space Explorers workshops were successfully piloted at the ROG during weekends
- A new informal learning team established in November 2015 to improve visitor engagement and deliver net savings for RMG, including a new Public Engagement Manager and six Observatory Explainers. Costs were covered by budget reallocation and income generation for informal learning was up by 28% as at the end of January 2016 as a result of activity by new team reaching over £53k.

The Peter Harrison Planetarium

- Despite the end of the run of our blockbuster show *Dark Universe*, public visits and income remained higher than in the previous year
- The *Morning Stars* programme for families affected by Autistic Spectrum is continuing to be a success
- The Insight Astronomy Photographer of the Year show is now being screened by 58 destinations in countries on every continent other than Antarctica and which should therefore reach a projected 350k people by October 2016.

Public Astronomer

- Dr Marek Kukula, Public Astronomer at the Royal Observatory Greenwich, led the first talk of the evening, at the inaugural Colin Pillinger Lecture at the University of Bristol, looking at humanity's relationship with the Moon and its importance in our history and culture: in art, navigation, poetry, song and stories
- Dr Kukula's *The Scientific Secrets of Doctor Who*, published by BBC Books in June 2015 and his popular science book *The Intimate Universe* was co-published by RMG & Quercus in October and is a curated tour of the most fascinating phenomena and discoveries in astronomy, revealing how we are inextricably linked to the cosmos.

Visitor Experience

- Following the cross-team work of the Visitor Experience, Learning and Interpretation and Punchdrunk teams, the BSL interpreted performance of *Against Captain's Orders* took place on 28th July to a small audience of deaf and hearing-impaired children and adults
- This period also saw the introduction of foreign language versions of the RMG £1 map which are now also available in French, Spanish, Italian, German, Russian and Mandarin
- Saturday 10th October 2015 saw the first sleepover at the National Maritime Museum. This event was delivered by a cross departmental team and incorporated Peter Harrison Planetarium shows and a science workshop delivered by the Science Learning team, supper and breakfast served in the NMM Café and a sleepover on the Great Map for 156 Girl Guiding attendees.

AIM 2: VALUE OUR HERITAGE

Care for and develop our unique collection and world historic sites

Acquisitions

Significant acquisitions over the year included:

- On 1 August 2016 the internationally famous clipper ship *Cutty Sark*
- The Long John Silver Collection of 83 figureheads and *Cutty Sark's* own figurehead, Nannie, were accessioned into the collection in September
- A letter written by RMS Lusitania disaster survivor Walter R. Storch to the sister of Mary Nicol, who drowned on 7th May 1915. Purchased with the assistance of the American Friends of Royal Museums Greenwich

- A final set of papers of Admiral John Markham (1761-1827) to complete a group previously purchased from a descendant
- 'Navigating Coincidence: Reflecting on the Voyages of Capt. James Cook' (1985-6) a series of 5 prints by Michelle Stuart
- The Union flag that flew from *Minotaur* at Trafalgar, acquired and conserved by the Museum with funds raised by public appeal, was unveiled in the *Nelson Navy Nation* gallery on Trafalgar Day, 21 October, and attracted considerable media attention.

Cutty Sark

- The 2015 Callender Award was awarded to Simon Thompson, Ship Technician at *Cutty Sark*. The Award recognises staff who have made a particularly conspicuous contribution to the Museum's advancement and interests and the recipient of the award is chosen on an annual basis by the Executive. Simon's nomination noted, amongst other achievements, that he has brought several new initiatives to the Ship-keeping Team's work that have improved how RMG cares for *Cutty Sark*
- In early December 2015 *Cutty Sark* installed a rather unusual yet spectacular Christmas tree – a 120ft Christmas tree design using rope lights, adorning the foremast for all of London to see. The tree attracted several hundred comments on social media over the festive period and showcased the ship to a much wider audience than the traditional tree of previous years.

Michael Edwards Studio Theatre

- In January 2016 *Cutty Sark* hosted her very first ceilidh dance for a Burns Night Celebration. The event was a huge success, selling all 300 tickets well in advance. The sea shanty group *Swinging the Lead* provided a fantastic atmosphere to the Tween Deck while an actress performing as Nannie the ship's figurehead recited the entirety of *Tam O'Shanter* in the Sammy Ofer Gallery.

The Queen's House

- The Queen's House – one of the marvels of maritime Greenwich and the first truly classical building in England is undergoing a major refurbishment to mark the 400th anniversary of the commission of the house in 1616. When the House reopens it will display 450 works of art (a doubling of the amount of paintings previously shown) and many additional works which will be on display for the first time. The complete redisplay will encompass 22 galleries with completely new environmental conditions and new lighting throughout. There will also be new interpretation and wayfinding
- the conservation of the King's Presence Chamber and the Tulip Stairs (both considered of very high architectural significance) have progressed in this reporting year. The wooden carved ornaments in the King's Presence Chamber has been cleaned and gilded with 23.5 carat gold leaf carried out by Carvers & Gilders. This conservation was showcased at the annual Winter Reception held this year at Mansion House
- The relaying of flooring has been carried out and this included the 'exquisite' wide planked French oak in the King's and Queen's Presence Chambers
- Extensive amount of builder works have been undertaken to facilitate the M&E works, all undertaken in accordance with the consents received from Historic England
- Lime plastering of the Great Hall is underway in preparation for redecoration works and the conservation and painting of the Tulip Stairs started in January 2016
- In February 2016 Turner Prize winner Richard Wright started work on his most ambitious and complex artwork in the Queen's House. This will be the first time an artist has worked on the ceiling of the Great Hall, one of Britain's most important historic interiors, since 1639. His beautiful and complex work will be unveiled when the House re-opens to the public in autumn 2016.

Estates and Storage & Movement work

- An enormous amount of preparatory work consisting of the relocation of plant room equipment, redirecting of gas supplies and laying of additional hard standing, collections moves, re-racking and site refurbishment, has been completed in readiness for the new construction at Kidbrooke as part of the Endeavour Project. Our cellulose nitrate material is now stored in specialist cold storage at the British Film Institute outside Gaydon, Warwickshire – a good example of a shared storage approach.

Curatorial Expertise

Research programme

- Two conferences have been held: the annual Queen's House conference, 'Ways of Seeing', related closely to the QH contemporary art installation, 'The Lives of Looking'; while 'The Emergence of a Maritime Nation: Britain in the Tudor and Stuart Age, 1485-1714', looked forward to the Tudor and Stuart Seafarers gallery – itself part of the Endeavour project
- The Maritime History and Culture Seminars at the Institute of Historical Research (now in their seventeenth year) continued to attract high calibre papers and good audiences
- The Caird Medal was presented to Professor Simon Schaffer, University of Cambridge, on 1 December 2015. The award recognises his work leading, with the Museum's Richard Dunn, the History of the Board of Longitude project, funded by the Arts and Humanities Research Council through an £800,000 grant. The project proved to be a magnificent platform for the Museum, raising its scholarly reputation in the UK and abroad, and building a range of public-facing programmes around the international touring exhibition, *Ships, Clocks & Stars*. The Longitude project also led directly to substantial JISC funding for the digitization of the Maskelyne papers held by the Museum, and the Board of Longitude papers held by Cambridge University.

Staff publications

Among publications produced for our wide-ranging audiences were:

- *Samuel Pepys: plague, fire, revolution*, edited by Margarete Lincoln and published by Thames and Hudson for the opening of the exhibition of the same name in November
- *In Nelson's Wake: the Navy and the Napoleonic Wars*, by James Davey published by Yale UP in October; and Boydell & Brewer also published Barbara Tomlinson's study of maritime memorials, *Commemorating the Seafarer* in the same month.
- *Art and War at Sea*, ed. Christine Riding (Ashgate)
- *Navigational Enterprises in Europe and its Empires, 1730–1850*, eds Richard Dunn and Rebekah Higgitt, (Palgrave Macmillan)
- *Insight Astronomy Photographer of the Year Collection 4* published with Harper Collins on 17th September. (See also those of the Public Astronomer above.)

Research projects

- The Arts and Humanities Research Council (AHRC) funded History of the Board of Longitude, in partnership with University of Cambridge was completed in summer 2015
- The application to the AHRC for funding for a series of workshops on Joseph Banks was successful, and the first workshop is due to be held in September 2016. The Museum is leading the project in partnership with The National Archives, National Portrait Gallery, Natural History Museum, Royal Society and University College London.
- 14 collaborative doctoral students in residence, 3 started in October in partnership with universities of East Anglia, Leicester and Edinburgh

Research fellowships

- The Academic Awards Committee appointed: one Senior Caird Fellow for the 2015-16 academic year (Dr Evan Wilson, University of Oxford, working with a colleague at the National Museum of Denmark on naval officers' careers, education and backgrounds in the 18th century), six Caird Short-term Fellows, and one Sackler Short-term Fellow.

AIM 3: EXTEND OUR REPUTATION

Maximize reach and impact to local, regional, national and international audiences and stakeholders

Website Project

- The Primary website relaunched successfully in November 2015 with a number of key improvements: responsive (works on desktop and mobile devices); better design and clearer calls to action; improvement of 1,000 key content pages optimised for search including self-guided tours (from 'family day out' to 'most deadly'); dynamic recommendations for related commercial product and content, improved events calendar, and a new technical backend and simpler CMS, providing much of the unseen foundations for future development
- There were 770,000 visits to the Primary website in Q4. Although this is down on the same period last year, this dip in website traffic was expected post website relaunch and is limited to the topical section of the new website where around 1,200 of pages were archived as part of the project. This organic non-brand traffic should rebuild over time.

Digital Transformation and CRM

- The next phases of redevelopment have been scoped and prioritised. RMG's online landscape, with approx. 4.5M visits/annum, is bigger than the Primary website (65% of traffic). It consists of a number of web properties on different platforms, managed by different suppliers and of varying age and quality: Collections Online, Ticketing Site, Online Shop and separate Prints, Image Licencing Website, Library website and c. 40 legacy microsites
- Phase 3 will include essential upgrades to the Ticketing Site; a manual e-marketing solution, and stage 1 Collections Online improvements
- Phase 4, is planned to include the Online Shop, a single basket solution across Ticketing and Shop, a payment gateway for mobile (eg. Paypal) and a more advanced email service.

Trafalgar Day trending on Twitter

- Marketing & Web's twitter event on 21 October, Trafalgar Day was the most successful event run on the National Maritime Museum's Twitter account to date, generating 225,000 impressions, 999 post favourites, and trending on Twitter
- The unveiling of the Hilton Trafalgar flag proved the most successful post of the campaign on Facebook reaching 8,627 people and generating a high level of engagement with 821 likes, comments and shares.

Visit London destination campaign

- We are lead partner in a year-long new digital destination campaign with Visit London and Visit Greenwich designed to drive visitors to Greenwich. The campaign launched in April and includes a dedicated Visit Greenwich hub on visitlondon.com, competitions, videos, advertorial, digital banners social media campaign, and instawalk event. RMG sites are number 1, 2, 3 and 4 in the top 10 things to do in Greenwich.

Travel Trade

- We launched a major drive to develop the Travel Trade and groups market. A new Travel Trade Marketing Manager has joined from UKinbound, our newly appointed media agency AKA has a dedicated Travel Trade service and expertise in this area; and we have launched our new offer and business to the market in autumn 2015
- On 6 March as part of our efforts to forge relationships with the Chinese tourism market we hosted a delegation of 25 Chinese tour operators in conjunction with VisitBritain. They visited the ROG, NMM and dined under Cutty Sark. The earliest flow-on bookings that we would expect would be in 2017. RMG will also attend the VisitBritain Destination Asia workshop in Shanghai next November.

Brand

- We are delivering a project on brand looking at how the organisation is perceived, how we want to be perceived, and how we can position our brand to grow audiences. There are 2 key strands – strategy and design
- The brand strategy work has seen good progress, looking at the individual site personalities and what brings them together, our vision and values
- The design strand of the brand project has been looking at proposals to update the visual identity, addressing issues which came out of user testing about a lack of coherence and impact.

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 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 third annual report to the Museum's Trustee Board in November 2015.

Overseas initiatives

- The Director and the Director, Collections and Public Engagement visited China in May to discuss possible collaboration on developing a major international touring exhibition
- India: Following approaches from the Indian Minister for Shipping, RMG has developed a draft MOU under which we would provide expertise to assist the Indian government to create a new Indian National Maritime Museum. The MOU is not yet signed, as we await feedback from Indian officials. Linked to these discussions an RMG staff member addressed the India Maritime Summit in Mumbai in April 2016.

Press and Media

- Insight Astronomy Photographer of the Year 2015 competition received extensive press interest and coverage. In June, the Press Office announced that Jon Culshaw had joined the judging panel. In September, the winning images from the competition were released to the press, gaining UK and international coverage such as: the Guardian (including the Eyewitness centre pages), Daily Telegraph, BBC News Online, ITV News online, Daily Mail, Daily Mirror, Mashable, Buzzfeed, Huffington Post, Gizmodo, BBC Sky at Night, New Scientist, Space.com, First News, London/local press, specialist photography and science media, BBC World Service and The Weather Network
- Interviews by our experts about time featured on BBC1's One Show, Channel 5 News, BBC 5 Live, CNN, BBC Radio London, BBC Regional radio stations and in the Daily Telegraph, Guardian, and New Scientist
- The astronomy team continued their monthly Starwatch column for the Guardian throughout the autumn and in September the BBC's The Sky at Night programme was hosted from the Royal Observatory

- In December, a segment about the Star of Bethlehem was filmed at the ROG for the BBC's The Sky at Night programme's Christmas special
- At the beginning of the year BBC News' Review 2015: The Year in Science was presented from the Peter Harrison Planetarium
- The ROG team were filmed sending a message to Tim Peake earlier in the year by the BBC for their Stargazing Live programme.

Stakeholder recognition through awards:

- 2015 Green Impact Award – for approach to sustainability from National Union of Students, University of Greenwich
- 2015 London Ambulance Service Saving Lives Awards – Organisation Category
- 2015 London Volunteers in Museums Awards, Bringing Innovation (1915 Crew Lists e-volunteers): Highly Commended.

AIM 4: STRENGTHEN OUR ORGANISATION

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

Human Resources

- In support of our aim to develop the volunteering scheme we presented a new opportunity within the Visitor Experience department to students at the Greenwich Community College in Woolwich. The scheme saw students, for whom English is a second language, *buddying* up with Visitor Assistants at the NMM for 6 days over 6 weeks. Outcomes should be that attendees are interested in becoming longer term volunteers or feel more confident to apply for vacancies at the Museum
- The 2015 Staff Engagement Survey results showed a satisfaction rate of 64% (+1% from 2013). Response rate was 57%, a significant increase from last time and average for the sector. Cross divisional focus groups on key areas were set up and this resulted in a single Action Plan being developed that was presented, with wider feedback, by the group facilitators to Executive, Trustees and SMT. One of the outcomes was the appraisal system was re-launched and 10 briefing sessions were held for 68 managers and 47 briefing sessions for c.470 staff ran from mid-March to mid-April
- University of Greenwich links were strengthened through the conversion of the Museum IT Helpdesk post into a 1 year Industrial Placement for students studying for degrees in computing
- Successful re-accreditation of Investors in People was achieved in November 2015.

Retail Activity

- A new RMG souvenir range was launched in July which has proved very successful, especially in July and August and the new product range for Insight Astronomy Photographer of the Year launched in September alongside the exhibition opening and sold extremely well
- The Christmas gift ranges and Visual Merchandising schemes launched in all shops and online on 16th October, with strong sales of £2,500 in the first two weeks and achieving a successful result for the range which made an increase of 65% year-on-year
- The online shop was re-skinned to bring this into line with the updated museum website.

Picture Library and Photo Studio

- The BBC renewed their licence for the programme 'Empire of the Seas; How the Navy Forged the Modern World'
- Promotion by the British Council at Mexican International Book Fair, 'Feria Internacional del Libro', being held from 28th November in Guadalajara, Mexico. It's the largest Spanish-language literary festival in the world – up to 85,000 visitors attend the Fair each day

- Secured a licensing deal for £51,000 with WarGaming Ltd for scanning of ship plans and historic negatives for commercial reference
- New York Times selected new photography shots of Franklin relics for publication in their Magazine supplement in March 2016
- Photography for the *Emma* publication took place in Hampshire including additional never before seen images from a bound volume of Emma ephemera. New content of around 200 images was created.

Events & Filming

- The team managed many events across all venues. These included the annual Lloyd's List Maritime Industry Awards in Neptune Court and the VIP launch of Audemars Piguet's newest luxury timepiece at the ROG. *Cutty Sark* hosted several high profile corporate events for clients including Pratt and Whitney, BAE Systems, Ernst and Young and LinkedIn's Christmas Party for 400.
- Learning & Interpretation department and collaborative events delivered another successful Time Out silent disco and we hosted the Magners Greenwich Comedy Festival again in September 2015 on the North West Lawns.

Development

- A very significant pledge of £1.5m has been made by the Kristian Gerhard Jebsen Foundation for naming rights for the *Polar Worlds* gallery – one of the suite of Endeavour project galleries. The UK Antarctic Heritage Trust has also confirmed a grant award towards the gallery
- Strong sponsorship was secured for our exhibitions: The Pepys exhibition received major sponsorship by RSA Insurance Group and grants from the City of London Corporation, the John Armitage Charitable Trust and others. BAE systems are sponsoring the Battle of Jutland exhibition
- We are pleased to report a 3 year agreement has been confirmed with HSBC for a new partnership
- Insight Investment has agreed to increase its current sponsorship agreement giving further support over 2 years to enable us to increase the prize money and grow the Insight Astronomy Photographer of the Year competition
- We have received a £5,000 pledge from the Hartnett Conservation Trust for the Tulip Stairs in the Queen's House. Eric Reynolds has pledged £30,000 towards the Turner prize winner Richard Wright's art installation in the Great Hall
- Two new life Patrons have joined us this year, one new Patron and five Associate Patrons. This has been underpinned by increased cultivation events and a busy Patrons event programme which included an international study trip to the Netherlands, visits to the Scott Polar Research Institute and the Pepys Library in Cambridge and a patrons 'Summer Highlight' afternoon tea at the Queen's House.

Membership

- After a challenging start to the summer, the year ended with record membership sales driven by a special promotion on Direct Debits and a dedicated front of house membership salesforce. We are now at our highest level of Membership with a 27% increase on the year
- We also welcomed, and promoted the Patrons Programme to 50 members of the New York Yacht Club who visited the Museum as part of a series of activities to mark the bicentenary of the Royal Yacht Squadron.

Finance, IT and Special Projects

- Finalisation of the DCMS consolidation pack for which the timetable was brought forward by DCMS by 6 weeks for the 2014–15 year. We were the first museum to submit its pack for which we received very favourable feedback from the DCMS Financial

Accounting and Consolidation Team who stated that overall our submission was of a high quality. In addition, the DCMS Permanent Secretary commended the finance team for its efforts in providing amongst the most accurate financial forecasting in the sector

- Automated data exchange between the financial system and the tills system for general admissions income was completed, resulting in approximately 7.5 hours of resource saving per week within the Finance team
- Further enhancements were made to the Purchase to Pay system to include electronic forms for new Suppliers, Petty Cash and Customer Refunds
- The interface between Museum’s accounting and ticketing systems for Travel Trade invoicing was implemented, reducing manual data input and paper flow and assisting in reconciliation.

**Management Agreement Performance Indicators
(with *Cutty Sark* included from month 5 to month 12)**

| Management Agreement Performance Indicator | 2014–15 | 2015–16 |
|---|------------------------------|--------------------------|
| Number of visits to the Museum | 2,343,372 | 2,403,177* |
| Total amount of charitable giving# | £2,585,776 | £3,425,390 |
| Ratio of charitable giving to grant-in-aid | 15.8% | 16.65% |
| Number of unique website visits | 4,451,355 | 4,361,634~ |
| Visits by children under 16 | 445,221 | 538,349 |
| Number of overseas visits | 984,216 | 786,314 |
| Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education | 146,406 | 163,833 |
| Number of instances of visitors under 18 participating in on site organised activities | 101,462 | 111,584 |
| % of visitors who would recommend a visit | 98% | 98% |
| Admissions income (gross) | £3,174,399 | £5,150,512 |
| Trading income (net profit) | £1,295,275 | £927,660 |
| Number of UK loan venues | 62 | 66 |
| Number of objects conserved | 1,380 | 1,611 |
| No. of peer-reviewed publications | 24 | 33 |
| Number of research projects undertaken/ongoing | 18 | 15 |
| % area of stores and galleries that are sustainably BS5454 compliant | 55.2% Summer 71.9% winter | 63% Summer 65% winter |

* 2,502,026 including *Cutty Sark* for the entire year

this figure includes financial sponsorship, donations and grants, and the value of donated objects, as per DCMS guidance.

~ the new website has created greater clarity on visits by reducing some duplication from the previous year

Efficiency tables

| Key Data | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|----------------|----------------|----------------|----------------|----------------|
| Total Grant-in-Aid (GiA) ¹ | £17.0m | £16.6m | £16.4m | £16.6m | £15.3m |
| All other incoming resources ² | £15.0m | £11.4m | £12.4m | £12.0m | £13.5m |
| FTE employees | 439 | 479 | 491 | 498 | 476 |
| Visits | 1.872m | 1.943m | 2.488m | 2.343m | 2.403m |
| Website visits | 3.955m | 4.370m | 4.733m | 4.451m | 4.362m |

Efficiency Ratios

| | | | | | |
|--------------------------|--------|--------|--------|--------|---------------|
| Total Users ³ | 5.835m | 6.322m | 7.232m | 6.802m | 6.770m |
| Total Users per FTE | 13,292 | 13,190 | 14,338 | 13,659 | 14,193 |
| Total GiA £ per User | £2.92 | £2.63 | £2.26 | £2.44 | £2.26 |
| Revenue GiA £ per User | £2.62 | £2.37 | £2.03 | £2.10 | £2.00 |
| Total GiA £ per Visit | £9.09 | £8.55 | £6.58 | £7.08 | £6.37 |
| Revenue GiA £ per Visit | £8.15 | £7.71 | £5.90 | £6.11 | £5.65 |

¹ the Grant-in-Aid figures exclude the restricted funds for the National Historic Ships Unit (£215k in 2015-16)

² includes the donation from the Sammy Ofer Foundation of £3.4m in 2011-12

³ comprises visits, website visits, and collections enquiries

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 (FReM) are required to produce a sustainability report. This is the fourth 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.

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

The Museum first agreed a sustainable development policy in October 2006. Since that date many sustainable initiatives have come to fruition. An action plan was first set out in 2009-10 in order to gain agreement to common goals throughout the Museum to help implement future actions efficiently and effectively. The Museum took account of DCMS’s action plan for sustainability in the development of its own. The Policy was reviewed, updated and linked to the Corporate Plan and other related policies in December 2015.

The Museum was an active member of the DCMS sponsored Museums and Galleries Energy Consortium (MAGEC) – now defunct - and the sector’s Sustainable Exhibitions Group. The Museum achieved Energy Accreditation from the Carbon Trust in 2008 and reaccreditation in 2011. This was a voluntary scheme and has been replaced by a mandatory Energy Savings Opportunity Scheme (ESOS) which the Museum entered into in early 2016. The Museum’s Display Energy Certificates (DECs) had good ratings for the sector but under ESOS have been recalculated and for the most part downgraded.

| Area | | 2015-16 Performance | |
|--|-------------|--------------------------------|---------------------------------|
| | | Actual | Target |
| Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel) | | 2,994 tonnes of CO2 equivalent | <2,500 tonnes of CO2 equivalent |
| Estate Energy | Consumption | 9.6 million kWh | <9.3 million kWh |
| | Expenditure | £596,000 | £607,000 |
| Estate Waste | Consumption | 296 tonnes | <280 tonnes |
| | Expenditure | £43,619 | £40,000 |
| Estate Water | Consumption | 10,045 m3 | <17,000m3 |
| | Expenditure | £64,500* | £56,000 |

Note: Scope 3 Business Travel includes domestic flights only. Figures for other forms of travel are unavailable. These figures include 423 tonnes of Greenhouse Gas emissions, 806k kWh energy consumption, 2k m3 water consumption and waste consumption plus £90k energy expenditure, £6k waste expenditure and £2k water expenditure from *Cutty Sark*.

*Includes back charges due to provider's failure to invoice for a period prior to this year

Summary of Future Strategy

The previous opening of the Ship Model store in Chatham and the Sammy Ofer Wing in Greenwich has greatly increased the Museum's footprint to which this year was added the clipper ship *Cutty Sark*. The current Endeavour Project will impact on three of the Museum's outstations, the Royal Observatory and the Park Row (former East) and East (former West Central) Wings of the Museum. This again allows a new benchmark to be established and a revitalised approach to the reduction of waste, use of water and finite resources, and with a continued improvement on energy efficiency. This latter is the key area where positive impact is possible and the budget dedicated to this activity will be maintained. We will ensure also that adequate data is collected to improve upon areas of this report and to enable accurate setting of future targets. The Museum will actively seek to reduce travel costs and continue to promote recycling and composting. Overall the Sustainable Development Group will continue, having been refreshed, to enable staff to contribute ideas and have a voice in future decisions. The Museum joined with local partners, the Old Royal Naval College and the University of Greenwich 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 resulting in a bronze award achieved in November 2015.

Greenhouse Gas (GHG) Emissions

Between 1999 and 2009 the Museum reduced its carbon footprint from 3842 tonnes CO₂ to 3072 tonnes CO₂. Since the opening of the new Sammy Ofer Wing our carbon footprint increased to 3422 tonnes CO₂. In recent years the Museum Estate's carbon footprint decreased assisted by abnormally mild winters and this year is closer to target of 2500 tonnes when the additional footprint of the *Cutty Sark* (423 tonnes) is removed.

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 we can. Staff have suggested and therefore greatly co-operated in recycling programmes within offices and catering outlets where bins have been strategically placed. The Museum recycles garden waste via composting 12 tonnes annually and it is estimated that around half of all other waste is recycled. There is construction and general waste which is regularly skipped with targets set for reduction. In addition to this year's consumption, 20 tonnes of hazardous waste comprising asbestos removal cost £281,168. The remaining consumption above target is due to increased project work. All strip-out work in these projects is monitored to ensure that the majority can be recycled. All redundant furniture has been recycled.

Use of Resources

The key area where a difference can be made is in energy efficiency where the Museum has accreditation and a self-imposed target to reduce energy consumption by 5% annually. It is worth noting that we have been working towards greater energy efficiency since 1995.

A report on the use and cost of Utilities is compiled annually for consideration by the Estates team, the Executive and Trustees.

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 last year and the Park Row Wing improvements currently underway. Programmes of energy efficiency are in place including the progressive upgrading of lighting systems. The Queen's House Project includes the installation of energy efficient lighting, lighting control linked to the Buildings Energy Management System (BEMS), climate conditioning improved by more intelligent control also via the BEMS, lowered temperatures and replacement plant.

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 amongst staff. 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. 2015-16 saw an increase in grey water usage now up to 11,000 m³ per annum. 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 and has now a licence to commence the major building project after installing the newt mitigation measures required. A bat survey also undertaken prior to project commencement revealed no issue.

Sustainable Procurement including Food

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

Programmes to improve the procurement of sustainable products in retail and catering operations are well-advanced and enthusiastically embraced by staff. Attention is paid to 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 our energy saving endeavours.

Sustainable Construction

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

The fact that the Special Exhibitions Gallery is underground reduces fluctuations in temperature which is more energy efficient and the archive spaces which are normally energy intensive have very good insulation and humidity is buffered by the use of clay in the walls reducing the amount of plant required. The central boiler plant is more energy efficient than the previous boilers and will heat not just the new wing but the whole main site. The controls are connected to the existing BEMS. The aim is to reduce CO₂ by 21% in this development over time.

The architects for the Kidbrooke store element of the Endeavour Project were specifically selected in part on their demonstrable sustainable development experience and credentials and are currently working towards an 'excellent' BREEAM rating. The completion of this building and the removal from the estate of two less energy efficient buildings will have a very positive impact overall in time.

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

People

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

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

The Sustainable Development Group consults staff widely on its work and canvasses opinion and ideas. Many of the successful sustainable approaches have been suggested and acted upon by the staff and volunteers. The latest ideas include the provision of codes for Trustees, staff and volunteers to greatly reduce paper usage for complimentary tickets and official notification of corporate changes by email rather than letter where possible.

Environmental Management System (EMS)

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

Sustainability and Governance

The Museum's Corporate Plan includes a milestone 'to explore innovative Green and sustainable initiatives across the Museum'. An action plan was drawn up in 2009-'10 and has been reviewed and updated by the Sustainable Development Group, most latterly in November 2015. Progress is reported via the established performance management system, reporting performance against targets monthly and annually as well as quarterly via a balanced scorecard. The results of this process are considered in planning future activity to maintain a useful cycle of business improvement. Separate specific reports are made annually on particular issues, for instance the Annual Utilities Report is compiled by the Museum's Estates & Facilities Management Department for review by the Executive and if appropriate Trustee Boards.

Data is collected via information held by the Estates & Facilities Management and Finance & IT 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 the first paragraph of this section.

5. FUTURE PRIORITIES

The 2014–18 Corporate Plan "Stimulating Curiosity" was approved by the Board of Trustees in September 2014. The Plan will be revisited in 2016-17 and revalidated/amended in light of the context at that time and the Trustees' strategic direction.

The Trustees' overall objective is to: Stimulate curiosity in all our users – the trigger for discovery and learning

Aims, Strategies and Outcomes

Aim 1: Put visitors first

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

Strategies:

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

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

Aim 2: Value our heritage

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

Strategies:

1. Safeguard and improve the physical conditions of our collections and estate
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.

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

Aim 3: Extend our reputation

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

Strategies:

1. Project unique and authentic 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.

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

Aim 4: Strengthen our organization

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

Strategies:

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

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

The 2014–18 Corporate Plan and its four Aims 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, upbeat 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 much of the work over the years ahead is the Endeavour project which at year end 2015-16 is on programme and budget and will occupy us until 2018–19.

The Endeavour Project

The Endeavour Project is an interlinked suite of four elements outlined in brief below which addresses and solves a number of challenges facing Royal Museums Greenwich.

1. The Endeavour Galleries

This element of the project fulfils our long-standing ambition to clarify the circulation of the galleries, to complete key gaps in our displays and to present Britain's maritime history in a more coherent way for our visitors. Four new galleries will focus on the inspiring and very human theme of exploration, which is so central to the story of Britain and the sea, and will enable an additional 1,000 artefacts from the national collection to be on permanent display.

This element is on track for works on site to run from Sept 2016 – June 2017 dependent on Full Business Case approval being received from DCMS and a successful Stage 2 pass from HLF. Architects for the base-build have been appointed as have designers for the galleries. Progress is good and we await Listed Building Consent for the base-build galleries. The exhibitions and curatorial teams have completed their outline content designs on time for the four galleries: *Polar Worlds*; *Tudor and Stuart Seafarers*; *Sea Things*, and *Pacific Encounters*.

2. Endeavour Collections & Conservation Centre

As the Chairman describes in his foreword, this project addresses our long-standing needs for collection storage, public access to the reserve collections and conservation studios. The Prince Philip Maritime Collections Centre will not just comprise stores and conservation studios – it will realise a long-standing ambition to create an open store, to open up our vast reserve collections to researchers and the general public, and to open up a window for the public to our conservation work.

Our Planning application was approved by the Royal Borough of Greenwich on 16 February 2016 and work is in progress to discharge the pre-commencement planning conditions. One of the conditions was the attainment of a BREEAM Excellent rating for the project Design Stage and we have achieved this.

The DCMS approved our Full Business Case on 6th May and the construction contract was signed with the contractor on 23 June 2016 with a planned completion date for the building of July 2017. Collections moves will follow after off-gassing has been monitored and reached acceptable levels.

3. Endeavour Accommodation

For many years the top floor of the West Central Wing has been given over to staff offices. The development at Kidbrooke will include modern office accommodation facilitating a complete staffing relocation out of the West Central Wing so that this space can be made entirely available to the public for the Endeavour Galleries Project – specifically the *Polar Worlds* gallery.

The first tranche of staff moves from the East Wing to the Park Row Wing was completed on 16 May 2016 to new open plan accommodation. Over the next year further staff moves into

consolidated accommodation in the Park Row Wing and Kidbrooke will free up more space which will be given over to galleries for the public.

4. Endeavour Royal Observatory Improvements

This element of the project, contingent on external funding, will enhance the visitor experience hugely, by redesigning the visitor entrance, making the admissions and retail experience more friendly, re-aligning the visitor route so that it matches the narrative journey and creating new galleries.

A concise set of improvements which address immediate issues relating to the Meridian retail and entrance areas is on target to open to the public in February 2017. These are a precursor to the larger vision being planned for the 250th anniversary of the founding of the Royal Observatory which will take place in 2025.

Forthcoming exhibitions for 2016–17

Above and Beyond (27 May to 29 August 2016)

Packed with excitement for all the family, this ground-breaking interactive exhibition, sponsored by Boeing, explores the marvels of aerospace innovation, design and technology. With flight simulation, virtual reality, immersive experiences and more, *Above and Beyond* and its accompanying events, is suitable for ages 7+.

Emma Hamilton: Seduction and Celebrity (opens 4 November 2016)

From humble origins, Emma Hamilton rose to national and international fame as a model, performer and interpreter of neo-classical fashion. Within the public mind, however, she typically continues to occupy a passive and supporting role, and is often remembered simply as the mistress of Britain's greatest naval hero, Admiral Lord Nelson. This landmark exhibition recovers Emma from myth and misrepresentation, and reveals her to be an active and influential historical actor in her own right: one of the greatest female lives of her era.

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, medical retirement assistance, occupational health referrals and H&S assessments. There is a Staff Welfare Officer, employee assistance programmes and trained and supportive management and professional HR back up. In addition, schemes to promote health and wellbeing such as yoga, stress relieving massages, life drawing and other social activities exist. In March 2013 the Museum was accredited with the first stage of the London Healthy Workplace Charter. Long term no smoking policies are in existence with support to give up the habit available. Sheltered placement, work experience and 400-plus volunteering opportunities are promoted throughout the year. There are excellent consultation and communication arrangements. There are also charitable and health society benefits plus the provision of employment and job security to 500 people plus, locally, nationally and from overseas. The Museum also undertakes secondments and exchanges both internally and externally.

The Museum values the diversity of its workforce and upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age. 8.79% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME) (13.58% in 2014-15). The Museum holds the Employment Service's Disability Symbol. In 2015-16, 5.61% of staff employed by the Museum considered themselves to have a disability (5.5% in 2014-15). 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.

The percentage of female staff is 54.65% and the percentage of female Executive Board members is 0.19%. The overall gender pay gap is 4.78% (-0.09% excluding Executive Board members). 36.27% of staff have declared a religious belief and 5.43% of staff are declared lesbian, gay, bisexual or transgender (LGBT).

We believe that we are a leader in our human resources approaches, not least in dispensing with any formal retirement age in 2002. Over a third of employees are aged over 50 and 4.67% are aged over 65 (8.31% in 2014-15). 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 Investor in People standard in November 2001, receiving regular re-accreditation since, the last being in November 2015. Unfortunately, funding constraints have resulted in the reduction of the training and development budget for both 2014-15 and 2015-16. 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. There is a longer term aim enshrined within the Corporate Plan to increase funding for training when resource allows.

Based on outturns to 31 March 2016, in 2015-16 the average number of days lost per employee through short term sick absence was 4.25 days (3.89 in 2014-15) whilst the average

number of days lost per employee through long term (over 28 days) sick absence was 3.59 days (3.95 in 2014-15). The average number of days lost per employee through total sickness (long and short term combined) was 7.85 days (7.84 in 2014-15).

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, the six month notice period for the PCS Union expiring in June 2014.

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 six years ago. The increase in numbers of volunteers and in volunteer hours has been remarkable since this appointment. Record numbers of volunteers peaked at more than 500 during the year 2013-14 due to an e-volunteer project and decreased thereafter on the tailing off of that project to 282 at year end (301 in 2014-15); another two e-projects will commence next year. In all, these volunteers gave 33,254 hours in 2015-16 (35,693 hours in 2014-15) at a value estimated in the region of more than £330,000 (a decrease of £20,000 from 2014-15).

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 HR 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. 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. Added to these are *New Starters' Coffee* when new staff meet monthly with the Executive before one of their meetings.

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 have been considered, promulgated and an action plan agreed for implementation during 2016-17.

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 and 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 National Examination Board in Occupational Safety and Health (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 decides in the case of the Senior Executive the level of pay and performance-related pay they should receive and recommends to the Chairman of Trustees in the case of the Director, Royal Museums Greenwich the appropriate level of pay and performance-related award.

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 (term ending September 2016)
Linda Hutchinson (term ending September 2016)
Sir Mark Stanhope (from November 2015)
Joyce Bridges (from November 2015)
Gerald Russell (from November 2015)

Ex officio Officer: Dr Kevin Fewster, 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, Royal Museums Greenwich, and three months for other Directors. 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 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 | 2015-16 all figures £k | | | | 2014-15 all figures £k | | | |
|---|------------------------|---------------------|------------------------------------|---------|------------------------|---------------------|------------------------------------|---------|
| | Salary | Performance payment | Pension benefits (to nearest £1k)* | Total | Salary | Performance payment | Pension benefits (to nearest £1k)* | Total |
| Dr Kevin Fewster, Director & Accounting Officer | 110-115 | 20-25 | - | 135-140 | 110-115 | 20-25 | - | 130-135 |
| Dr Margarette Lincoln, Deputy Director (until 30 April 2015) | 45-50 (80-85 FTE) | - | 2 | 45-50 | 80-85 | 15-20 | 16 | 115-120 |
| Andy Bodle, Director Operations and Human Resources | 75-80 | 15-20 | 32 | 120-125 | 70-75 | 15-20 | 19 | 110-115 |
| Mike Sarna, Director, Programming and Exhibitions | 70-75 | 15-20 | - | 85-90 | 65-70 | 15-20 | - | 80-85 |
| Sandra Botterell, Director, Commercial (until 31 August 2014) | - | - | - | - | 55-60 (70-75 FTE) | 5-10 | - | 60-65 |
| Anupam Ganguli, Director, Finance & IT | 90-95 | 20-25 | - | 110-115 | 85-90 | 20-25 | - | 110-115 |
| Richard Doughty, Director, Cutty Sark (until 6 October 2014) | - | - | - | - | 40-45 (80-85 FTE) | 5-10 | - | 50-55 |
| Kate Seeckts, Director, Development (from 18 February 2015) | 75-80 | 15-20 | - | 90-95 | 5-10 (70-75 FTE) | - | - | 5-10 |
| Richard Wilkinson, Director, Enterprises (from 2 March 2015) | 85-90 | 15-20 | - | 100-105 | 5-10 (85-90 FTE) | - | - | 5-10 |

* 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.

2015-16

Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 137.5

Median Total Remuneration 19

Remuneration Ratio 1:7.2

2014-15

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

Median Total Remuneration 19

Remuneration Ratio 1:7.1

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 2015-16 was £137,500 (2014-15, £132,500). This was 7.2 times (2014-15, 7.1 times) the median remuneration of the workforce, which was £19,105 (2014-15, £18,635).

In 2015-16, nil (2014-15, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £136,000 (2014-15, £0 to £133,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, 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 Scheme full details of which are given in note 7 to the accounts.

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

| | Accrued pension at pension age as at 31/3/16 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/3/16 | CETV at 31/3/15 | 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 100-105 | 0-5 | 747 | 752 | 1 | - |
| Andy Bodle | 35-40 plus lump sum of 105-110 | 6-10 | 756 | 673 | 29 | - |
| Mike Sarna | - | - | - | - | - | 7 |
| Sandra Botterell | - | - | - | - | - | - |
| Anupam Ganguli | - | - | - | - | - | 9 |
| Richard Doughty | - | - | - | - | - | - |
| Kate Seeckts | - | - | - | - | - | 8 |
| Richard Wilkinson | - | - | - | - | - | 9 |

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 2015/16 | Total number of exit packages for 2014/15 |
|-----------------------------------|--|--|--|--|
| 0 - 24,999 | 1 | 3 | 4 | 22 |
| 25,000 - 49,999 | - | 2 | 2 | 2 |
| 50,000 - 99,999 | - | 1 | 1 | 1 |
| Total | 1 | 6 | 7 | 25 |
| Total resource cost (£) | 4,034 | 152,458 | 156,492 | 273,602 |

There were four departures under the terms of the Civil Service Compensation Scheme in 2015–16. 3 members of staff received a statutory redundancy payment each of which was below £8,000 and which in total amounted to £14,860.

Sir Charles Dunstone
Chairman of the Board of Trustees
23 June 2016

Kevin Fewster
Director and Accounting Officer
23 June 2016

8. REFERENCE AND ADMINISTRATIVE DETAILS

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

Chairman of the Board of Trustees: Sir Charles Dunstone, CVO

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 2015–16 the Board of Trustees comprised:

Sir Charles Dunstone, CVO, Chairman
and in order of first appointment:
Sir Robert Crawford, CBE
Linda Hutchinson
Eleanor Boddington
Professor Chris Lintott
Joyce Bridges, CBE
Carol Marlow
Jonathan Ofer
Eric Reynolds
Gerald Russell
Professor Alison Bashford
Jeremy Penn
Admiral Sir Mark Stanhope, GCB, OBE, DL

Brief biographies of the Trustees are available from www.rmg.co.uk

The Executive

During 2015–16 members of the Executive were:

| | |
|-----------------------|---|
| Dr Kevin Fewster, AM | Director and Accounting Officer |
| Andy Bodle | Director, Operations and Human Resources |
| Anupam Ganguli | Director, Finance |
| Mike Sarna | Director, Collections and Public Engagement |
| Kate Seeckts | Director, Development |
| Richard Wilkinson | Director, Enterprises |
| Dr Margarette Lincoln | Deputy Director (to 30 April 2015) |

A Register of Interests is maintained and is available for inspection by application to the Museum Secretary. The Register of Interests is completed by each Trustee, each Executive and those members of staff who make decisions on significant procurement.

Other relevant organizations:

External Auditors of National Maritime Museum

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

External Auditor of National Maritime Museum Enterprises Ltd

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

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

Stone King

Boundary House
91 Charterhouse Street
London, EC1M 6HR

CMS Cameron McKenna

Mitre House
160 Aldersgate
London, EC1A 4DD

9. SUPPORTERS OF ROYAL MUSEUMS GREENWICH 2015–16

Government

The Department for Culture Media and Sport
The Heritage Lottery Fund

Major Supporters

The Art Fund
BAE Systems
Charles Dunstone Charitable Trust
The Clothworkers' Foundation
Sir John Fisher Foundation
The Foyle Foundation
Insight Investment
Kristian Gerhard Jebsen Foundation
The Leathersellers' Company
The Stavros Niarchos Foundation
A. G. Leventis Foundation
Lloyd's Register Foundation
The Monument Trust
Clive Richards OBE DL and Sylvia Richards
RSA Insurance Group
The Sackler Foundation
The Corporation of Trinity House
Viridor Credits Environmental Company
The Wolfson Foundation
and other supporters who wish to remain anonymous

AHOY!

Charles Dunstone Charitable Trust
The Corporation of Trinity House
Viridor Credits Environmental Company
Baltic Charitable fund

Endeavour

Charles Skey Charitable Trust
Baltic Charitable Fund
Charles Dunstone Charitable Trust
Kristian Gerhard Jebsen Foundation
Worshipful Company of Curriers

Against Captains Orders

Arts Council England

Samuel Pepys: Plague, Fire, Revolution

Aldgate and Allhallows Foundation
City of London Corporation
John Armitage Charitable Trust
Joseph Strong Frazer Trust
The Swire Charitable Trust
Thames Clippers
The Worshipful Company of Weavers
The Worshipful Company of Arts Scholars

Queen's House

The Art Fund
Anthony Dove
Michael Kovacs
Eyal Ofer
Eric Reynolds
Lord Thompson

Trusts and Foundations

The Clothworkers' Foundation; Joseph Strong Frazer Trust; The Hartnett Conservation Trust; Inchcape Foundation; and other supporters who wish to remain anonymous.

Donor Organisations

The American Friends of Royal Museums Greenwich; Association of Science Discovery Centres; Embassy of the Federal Republic of Germany; Flamsteed Astronomy Society; Galbraith's Limited; Members of Royal Museums Greenwich; The Nelson Society; Old Coulsdon Women's Institute; Waitrose Limited.

Bequests

Anne M Crosthwait; Marilyn L Peterson.

American Friends of Royal Museums Greenwich:

Carl G. Berry; C Richard and Deborah Carlson; Gary & Beth Glynn; Howard & Patricia B. Lester; Robert H. Moore II; Jason M. Pilalas; James B. Sherwood; David M Wells; C. Lawson Willard.

Sponsors

BAE Systems
Boeing United Kingdom Limited
Insight Investment
Meantime Brewing Company
Pusser's Rum
RSA Insurance Group

Corporate Members

The Baltic Exchange; BMT Group Ltd; BP Shipping; COSCON (UK); Howe Robinson Partners; Insight Investment; Liberty Syndicate Management Ltd; Lloyd's Register; Meantime Brewing Co Ltd; Novotel London Greenwich; Simpson Spence and Young Ltd; United Technologies Corporation; Upfront TV Ltd.

Life Patrons

Michael T.R Brown; Rear Admiral Sir Jeremy de Halpert, KCVO, CB; D. Gregory B. Edwards; Anthony Inder Rieden; Alan R. W. Marsh; The Matheson Todd Trust; R. K. Mehrotra, CBE; Vaughan Pomeroy and Ann Nussey; Clive Richards OBE DL; Ian Ridpath; Paddy Rodgers and Harriet Drake; Dick van Meurs; and others who wish to remain anonymous.

Patrons

Izabella Andersson, MBA; John R. Asprey;; Rear Admiral and Mrs Roy Clare; The A. C. H. Crisford Charitable Foundation; Simon C. Davidson; J.E. Day; Anthony Dove; Michael Else Esq; Kevin Fewster; Nicholas Fisher; Lt Cdr P. Fletcher; Michael Gibson; David and Margaret Hartnett; Charles Hoare Nairne; ; Richard Hunting, CBE; D. J. Larnder and R. J. Cocksedge; Commander P. J. Linstead-Smith OBE; John Manser; John W. R. Martin; Jane Mennie; Alan Parker CBE; Jeremy Penn; W. Scott Perry; Merrick Rayner; Eric Shawyer; Ms. C Shipley; Rear Admiral D.E. Snelson CB FNI; John and Madeleine Tucker; Dr Anthony Watson CBE; and others who wish to remain anonymous.

Honorary Commodores – awarded for outstanding support and commitment to the Museum. The Honorary Commodores are:

John Anderson, OBE; Sir David Attenborough, OM; Victor Benjamin; Richard Carlson; Professor Martin Daunton, FBA; William Edgerley; Sir David Hardy; Peter Harrison, CBE; Nigel Macdonald; Zvi Meitar M Jur; David Moorhouse, CBE; Sammy Ofer, KBE; Libby Purves, OBE; Dr David Quarmby, CBE; Lord Rees of Ludlow, OM, FRS; Professor NAM Rodger FBA; Dr Mortimer Sackler, KBE; Dame Theresa Sackler, DBE; Coral Samuel, CBE; Peter Snow, CBE; Dava Sobel; Dr David Starkey, CBE, FSA; Lord Sterling of Plaistow, GCVO, CBE; Sir Arthur Weller, CBE; Lord Wolfson of Marylebone; and Susan T Zetkus.

Corporate Loan Holders

Rathbone Brothers plc; Simpson, Spence and Young.

Donors to the Collection

Jennifer Allen; Martin Anson; Martin Argles; Estate of N. P. de Rouen Forth; Herrington and Carmichael LLP; David Lane; Toby Leigh; Ralph McGill; Michael Morrice; Patricia Palmer; Rosemary Pearce; Pobjoy Mint Ltd; Paul Taylor

Bequests to the Collection

Doreen Dundas Bathurst; Kenneth A. E. Sears

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 2015), 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 and for the first time the results of the *Cutty Sark* for the period following its transfer to the Museum on 1 August.

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 £15.5m received in the year, £215k was ring-fenced for National Historic Ships UK. Income increased by £549k, part of which is due to the transfer of the *Cutty Sark* and its associated activities.

Operating expenditure was £31m, representing an increase of 0.5% (£139k) over the previous year.

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 *'Against Captain's Orders'* and *'Samuel Pepys: Plague, Fire, Revolution'*. Total admission income, which included the Royal Observatory and *Cutty Sark*, was £5.2m including Gift Aid, an increase of £2m, with *Cutty Sark* accounting for £1m of this increase and the Royal Observatory £600k.

Total Income and Endowments increased by £548k; the increase in admission income noted above was offset by a decrease of £1.1m in Grant in Aid. After its relaunch the Membership scheme performed well, generating £266k, an increase of 55%. The Peter Harrison Planetarium had another successful year, generating income of £664k. Recharged expenses decreased by £748k as after 1 August no further expenses were recharged to the *Cutty Sark* Trust.

Investment income continued to be depressed due to challenging market conditions and lower balances held on deposit which, together with reduced returns, resulted in revenue of £124k, 14% below last year.

Expenditure in the year was £31m (2014-15: £30.8m). Following the restructuring of the organisation in 2015 Staff Costs reduced by £574k to £13.9m. Trading costs increased due to the cessation of the recharges relating to Cutty Sark Enterprises Limited from 1 August 2015.

There was significant investment in the temporary exhibition programme, not only for the exhibitions held in the year but also in preparatory work for exhibitions in future years.

Additionally the Museum made grants totalling £1.6m (2015-16: £738k) to the Royal Museums Greenwich Foundation.

Trading subsidiary

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

The net trading profit at £928k is a decrease of £367k due to the cessation of recharges to Cutty Sark Enterprises as highlighted above. Gross Profit and Administrative Expenses marginally increased over the previous financial year.

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 53% 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.

Access to the Museum's historic reserves is subject to Treasury budgetary rules under the 'Museums' Freedoms' implemented in November 2014.

Reserves at 31 March 2016

Although there is no specific target in place for General Reserves the Trustees consider that maintaining the balance at year end of free reserves at £2.5m, unchanged from last year, 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 | 97.8 |
| Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 st March 2015 | 53.1 |
| Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application | 17.4 |
| Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid | 7.7 |
| Designated funds for a specific project or purpose in the future | 5.3 |

| | |
|--|---------------------|
| Funds set aside for the future preservation of the <i>Cutty Sark</i> | 0.8 |
| Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions | 2.5 |
| | <u>184.6</u> |

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 Rathbone Investment Management Limited.

Investment performance

Returns continue to be depressed with reduce income as stated above income and the value of investments decreasing by £130k over the year. Investments held were valued at £5m on 31 March.

The Museum also holds £7.6m 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 low.

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. There was an increase in the net book value of the land and buildings of £26m, which excludes £9.7m relating to the transfer of the *Cutty Sark*. Note 10 gives full details of the Museum's Tangible Fixed Assets which stand at £159m at year end.

Heritage Assets

During the year the Museum purchased Heritage Assets with a value of £295k and received donations or bequests to the value of £1m, including assets transferred with the *Cutty Sark*. Details of notable acquisitions are given on page 6.

External Audit

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2015-16 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Total audit fees for the group were £51k, comprising £42k for the consolidated accounts (incorporating the three Trust Funds and the transfer of the *Cutty Sark*) audited by the National Audit Office and £9k for NMME audited by haysmacintyre.

Payment of Creditors

The Museum pays 69% (2014-15: 75%) of its suppliers within 30 days. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

Going Concern

A Comprehensive Spending Review was undertaken at the end of the last calendar year, the outcome of which was more favourable than had been originally indicated with no further reductions to Revenue Grant in Aid implemented for the four year life of the Review but conditional on efficiency savings of 1% per year being achieved.

Capital Grant in Aid has been confirmed for 2016–21 at the current level but with additional funds of £1.4m over this and the next three years for the Endeavour project galleries.

The Executive Board continues to take the appropriate actions to control costs and seek other sources of income to ensure that and future reductions in Grant in Aid 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
23 June 2016

Kevin Fewster
Director and Accounting Officer
23 June 2016

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
23 June 2016

Kevin Fewster
Director and Accounting Officer
23 June 2016

* 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 and management 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 Agreement which defines and manages its status as an Arm's Length Body, agreed with the Department for Culture, Media and Sport (DCMS) in June 2014, 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 operating retail, catering, events and other associated activities within the National Maritime Museum.

1.4 The Board of Trustees in 2015–16

As a non-executive board, the Trustees are collectively responsible for the management and control of the Museum. In 2015–16, the Trustees contributed their voluntary service to the public's benefit at six formal Board meetings and many other committee meetings. In addition to these, the Trustees also attended 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 | 09-15 Audit | 06-16 Others* |
|---|------|------------|------------|---------------------|----------------|------------------|
| Chairman | | | | | | |
| Sir Charles Dunstone | 1st | 21.11.2013 | 20.11.2017 | 5/6 | | |
| Trustees in order of first appointment | | | | | | |
| Linda Hutchinson | 2nd | 15.09.2008 | 14.09.2016 | 6/6 | | 5/7 |
| Sir Robert Crawford | 2nd | 15.09.2008 | 14.09.2016 | 6/6 | 4/4 | 3/3 |
| Eleanor Boddington | 2nd | 08.04.2010 | 07.04.2018 | 6/6 | 4/4 | 2/2 |
| Professor Chris Lintott | 2nd | 24.06.2010 | 23.06.2018 | 3/6 | | 2/2 |
| Joyce Bridges | 1st | 12.09.2013 | 11.09.2017 | 6/6 | 3/4 | 2/2 |
| Carol Marlow | 1st | 12.09.2013 | 11.09.2017 | 6/6 | | 5/5 |
| Jonathan Ofer | 1st | 12.09.2013 | 11.09.2017 | 4/6 | | 2/3 |
| Eric Reynolds | 1st | 12.09.2013 | 11.09.2017 | 5/6 | | 4/4 |
| Gerald Russell | 1st | 12.09.2013 | 11.09.2017 | 5/6 | 4/4 | 2/2 |
| Professor Alison Bashford | 1st | 01.02.2015 | 31.01.2019 | 3/6 | | 1/1 |
| Jeremy Penn | 1st | 01.02.2015 | 31.01.2019 | 5/6 | | 6/6 |
| Admiral Sir Mark Stanhope | 1st | 01.02.2015 | 31.01.2019 | 6/6 | 3/4 | 4/4 |

* see 1.7 below

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 Interests is maintained and is available for inspection by application to the Museum Secretary. The Register of Interests is completed by each Trustee, each Executive and those members of staff who make decisions on significant procurement.

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 2015–16.

Related party transactions are declared and recorded within the Annual Account in note 25.

1.6 Trustee Appointments and Induction

The Chairman and the Nominations Committee identify the skills and expertise needed to reflect the strategic needs of the Museum then recommend 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. The appointment process itself is carried out by the Department for Culture Media and Sport (DCMS), in accordance with the Office of the Commissioner of Public Appointments' (OCPA) Code of Practice for Ministerial Appointments to Public Bodies of April 2012.

Advertisements are placed in media deemed appropriate for each case but always include the Museum's own website and the Public Appointments website operated by the Cabinet Office.

A selection panel Chaired by a senior DCMS officer with a DCMS appointed Independent Panel Member and the Chairman of Trustees interview shortlisted candidates and recommendations are made to Ministers accordingly.

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

In 2015–16 no appointments or reappointments of Trustees were required or made but the process of recruiting a new Trustee who can represent the Museum's local communities was started.

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 which includes 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 In 2015–16 the Board's Committee structure was: Audit Committee

Which gave 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 the standards of HM Treasury's Audit Committee Handbook. The Audit Committee usually meets some two weeks before each Trustee Board so that it can communicate any Board level issues at that point as well as assessing the Museum's strategic risk register before it goes to the Board. In June 2015 the Board ratified the appointment of three new members to the Committee to ensure succession planning. In line with best practice in 2015–16 the Audit Committee undertook a self-assessment of its effectiveness. A formal questionnaire was completed in February 2016 by the five members of the Audit Committee. The self-assessment indicated an effective and robust Audit Committee.

In addition to the self-assessment, and to ensure continuous improvement, the Committee membership commissioned the Internal and External Auditors to provide a special briefing in 2016–17 on developments in the approach of Audit Committees across the sector.

Remuneration Committee

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

Nominations Committee

The Chairman and the Nominations Committee identify the skills and expertise needed to reflect the strategic needs of the Museum then recommended Trustee recruitments and re-appointments to Ministers. The Committee met at the end of 2015–16 and a DCMS recruitment process for a new Trustee who can represent the Museum's local communities commenced.

Collections and Research Committee

The 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 made decisions on selecting candidates for Museum fellowships and selecting candidates for the Caird Medal.

Cutty Sark Advisory Committee

Oversees strategies and provides advice and guidance for: the stewardship of the ship and collections with a particular focus on the conservation, maintenance and upkeep requirements; visitor growth and revenue schemes (in conjunction with the Enterprises Committee); specialist fundraising and development (in conjunction with the Development Board); policy advice relating specifically to *Cutty Sark*

Enterprises Committee

Is specifically tasked with exploring and advising the Executive on ways of increasing amounts of self-engendered income.

1.8 The work of the Trustee Board in 2015–16

In 2015–16 the significant work of the Board and its committees included:

- adopting the recommendations of the external independent review of Board effectiveness and revising the Committee structures and number and timing of Board meetings
- the first of an annual strategy meeting to discuss strategic matters beyond the horizon of the current corporate plan
- acquiring the internationally famous clipper ship *Cutty Sark* into the national maritime collection and the other assets kindly donated by the Cutty Sark Trust
- monitoring the governance and costs of the Endeavour project and ensuring the progress of its various elements including, with the grant of a £6m capital loan from DCMS via the new Museums Freedoms pilot, the collections storage and conservation building the construction contract for which was agreed at the April Board meeting
- ensuring the delivery of the ground-breaking *Against Captain's Orders* and the special exhibition *Pepys: Plague, Fire, Revolution* in the special exhibitions gallery, *The Art and Science of Exploration 1768-80* at the Queen's House, and the 2015 *Insight Astrophotography Awards* exhibition at the Royal Observatory and reviewing the *Ships, Clocks & Stars: The Quest for Longitude* closure report
- having a strategic discussion with the leader of the Royal Borough of Greenwich Council on matters of mutual interest in the locale
- approving, in accordance with the criteria for disposal, several transfers out from the collection
- adopting the annual report from the Director of National Historic Ships UK.

The minutes of Trustee Board meetings are available at www.rmg.co.uk/work-services/what-we-do/policies-procedures/foi/how-we-work/trustee-board-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 briefly outlined in section 1.8 above and further documented in Section 3 Activities and Achievements above of the Annual Report.

In 2014–15 the Board commissioned an external review to offer an independent and objective view of the Board's effectiveness. The Board discussed the review at its March 2015 meeting and as a result made changes to the rhythm and number of Board meetings and the structure of the Board Committees - all of which were implemented at the start of the 2015–16 year.

3. Highlights of Audit Committee reports

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

The Chairman of the Audit Committee makes an annual report to the Board on the previous year's Audit Committee business.

In his report on the 2015–16 Audit Committee work, the Committee reported that there were no matters of high risk or significance arising from the internal audit reports to bring forward to the Board of Trustees. There were, however, a number of recommendations as a result of the reports substantially all of which have already been implemented and the remainder are in the course of implementation. There were no matters of Health and Safety to bring specifically to the Board in 2015–16 and no seven-day injuries to report. The Board of Trustees sees the full list of the quarter's incidents in its Board papers.

At each of its 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 section 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 haysmacintyre. 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.

Whistleblowing

At its meeting in February 2016 the Audit Committee reviewed the Museum's Anti-Fraud/Bribery/Theft Policy and found the effectiveness of the whistleblowing arrangements and procedures therein to be satisfactory.

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. Results of progress against the non-financial targets or performance indicators set in the divisional business plans are provided by data collectors across the Museum into monthly performance reports. 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 directly from public visitors themselves via a new visitor feedback system based on tablet lecterns placed throughout the sites and findings from exit surveys conducted by an external provider.

The Executive review all these results on a monthly basis and the Board then reviews these results on a quarterly basis.

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 Trustee Board meeting.

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.

5. Internal Audit

Internal Audit is provided by Moore Stephens who work to the Public Sector Internal Audit Standards 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 2015–16 the internal audit reporting work encompassed:

1. Risk management processes
 2. The Endeavour project
 3. The provision of an Assurance Map
 4. Purchase to Pay electronic system
 5. Review of T&S automation system – linked to 4. above
 6. Engagement of legal and other advisors
 7. Preventing business interruption
 8. Retail system project
- and following up on the implementation of previous recommendations

At 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 made by internal audit are followed up at each meeting of the Committee using the management's audit tracker which is itself updated for each meeting.

All recommendations made by the auditors to strengthen internal controls in the 2015–16 year have been implemented or are in the process of being implemented by management.

During the course of the year the internal audit programme is updated as further or new risks emerge and the amendments to the programme agreed with the Audit Committee. This year the planned audit on procurement was rescheduled to 2015–16 and its place taken by the review of the implementation of the electronic Purchase Order system.

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 2015–16 year, the Head of Internal Audit reported that:

There is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

6. External Audit

The external audit of the 2015–16 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 and the Audit Committee 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.

7. Matters arising in the year

We are able to confirm that there have been no significant internal control problems or information losses in the National Maritime Museum for the year ended 31 March 2016 and up to the date of this report.

8. The Museum's corporate governance

8.1 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 Agreement between the Museum and the Department for Culture, Media and Sport.

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, Management 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 Endeavour project (for which the Executive is the Project Board) 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.

The Director and each member of the Executive completed a formal annual Assurance Report certifying that, during the 2015-16 Financial Year, the systems of internal control used within their areas of responsibility have been sound and have been followed.

8.2 External engagement

In line with the Management Agreement, in September 2015 and in March 2016 the Director of Finance and the Museum Secretary conducted a meeting with senior officers from DCMS. The Endeavour project was briefed in detail and other aspects of the Museum's performance and risk envelope were discussed.

8.3 Risk Management

The Museum views risk management as an active part of its management processes and operates a comprehensive system of risk identification, assessment, addressing, reviewing and reporting.

Risk Policy/Appetite

The Museum's Risk Management Policy, updated in August 2015, 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.

Trustees both at Board meetings and within the Audit Committee, review the strategic 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: a Strategic Risk Register; one for each department; registers for major capital projects and exhibitions and registers for cross-Museum activities such as Health and Safety, security and data management.

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.

9. 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.

At the end of the 2014–15 financial year the Audit Committee and Executive agreed that it would be timely to re-identify, re-appraise and re-evaluate the strategic risks facing the organisation. A new methodology of identification, appraisal and mitigation was constructed by the Director of Finance (the Museum's risk sponsor) and this was brought to the Board for focussed discussion at its meeting in September 2015. The Board endorsed the new approach at that meeting and have a risk management strategy which comprises:

- i a quarterly review of the risks that the charity and its subsidiary, NMME, face;
- ii establishment of policies, systems and procedures to mitigate those risks; and
- iii implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified the following principal risks for both the charity and its subsidiary: the profitability of the financial operating model of the Cutty Sark; cost over-runs fundraising underperformance and construction delays on the *Endeavour* project; theft, vandalism or

loss of the collections; and, catastrophic business disruption as a consequence of fire, cyber-crime or terrorism.

The financial sustainability risk of the Cutty Sark is managed by maximising commercial opportunities, budgeting for and delivering operating surpluses, cost control and identifying and delivering efficiencies, appropriate on-going maintenance, and setting up of a “sinking fund” to cover long term maintenance needs of the ship when they fall due.

The risks of the *Endeavour* project are managed through proper project governance and reporting, general stakeholder engagement, setting up of a Development committee and broadening the donor base, ensuring the Museum has the appropriate internal fundraising resources, and monitoring the resource requirements of the project.

Collections audits and security reviews mitigate the risks of theft and loss of collections. The risks from fire, cybercrime and terrorism are managed through: clear emergency procedures; constant review and practice of recovery and business continuity plans; a fire safety strategy; first-aid training; and, continued liaison with counter-terrorism police and emergency services.

Information risk

In December 2010 the Museum adopted an Information Security Policy which was updated in 2016. 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 2015–16 or previous years and has made no such report to the Information Commissioner’s Office.

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

For the reasons given 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

23 June 2016

Gerald Russell, Chairman of the Audit Committee

23 June 2016

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 2016 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated and Charity 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, Accounting Officer 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 Trustees' and Accounting Officer's 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 which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Maritime Museum's affairs as at 31 March 2016 and of its net expenditure 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.

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 Museum and Galleries Act 1992; and
- the information given in the Chairman's foreword, Director's statement, Review of Activities, Sustainability report, Future priorities, Workforce and Employment, Reference and Administrative details, Supporters, Financial Review, and Governance Statement 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: 29 June 2016

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

Consolidated Statement of Financial Activities
For the year ended 31 March 2016

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|--------------|--------------------------------|------------------------------|----------------------------------|------------------------|------------------------|
| Income and Endowments | | | | | | |
| Donations and Legacies | | | | | | |
| - Grant in Aid | | 15,305 | 215 | - | 15,520 | 16,599 |
| - Other | | 479 | 2,946 | - | 3,425 | 2,498 |
| Total Donations and Legacies | 2 | 15,784 | 3,161 | - | 18,945 | 19,097 |
| Other Trading Activities | | | | | | |
| - Trading Income | 3 | 3,021 | 245 | - | 3,266 | 3,433 |
| - Other | 4 | 819 | - | - | 819 | 1,366 |
| Total Other Trading Activities | | 3,840 | 245 | - | 4,085 | 4,799 |
| Income from Investments | 5 | 116 | 1 | 7 | 124 | 145 |
| Income from Charitable Activities | | | | | | |
| Putting Visitors First and creating inspiring experiences | | 5,151 | - | - | 5,151 | 3,577 |
| Valuing our Heritage, caring for and developing our unique collection | | 275 | - | - | 275 | 266 |
| Extending our reputation, reach and impact | | 472 | - | - | 472 | 619 |
| Total Income from Charitable Activities | 6 | 5,898 | - | - | 5,898 | 4,462 |
| Total Income and Endowments | | 25,638 | 3,407 | 7 | 29,052 | 28,503 |
| Expenditure | | | | | | |
| Expenditure on Raising Funds | | | | | | |
| Costs of Raising Donations and Legacies | | 1,681 | - | - | 1,681 | 1,402 |
| Costs of Other Trading Activities | | | | | | |
| - Trading Costs | 3 | 1,949 | 245 | - | 2,194 | 1,230 |
| - Other | | 6,037 | - | - | 6,037 | 7,434 |
| Total Cost of Other Trading Activities | 7 | 7,986 | 245 | - | 8,231 | 8,664 |
| Investment Management Costs | | 76 | 1 | 6 | 83 | 54 |
| Expenditure on Charitable Activities | | | | | | |
| Putting Visitors First and creating inspiring experiences | | 1,936 | 531 | - | 2,467 | 2,746 |
| Valuing our Heritage, caring for and developing our unique collection | | 12,786 | 4,305 | - | 17,091 | 16,195 |
| Extending our reputation, reach and impact | | 1,238 | 159 | 11 | 1,408 | 1,760 |
| Total Expenditure | 7 | 25,703 | 5,241 | 17 | 30,961 | 30,821 |
| Net Gains/(Losses) on Investments | | (48) | (1) | (2) | (51) | 438 |
| Net Income/(Expenditure) | | (113) | (1,835) | (12) | (1,960) | (1,880) |
| Transfers | | | | | | |
| Transfers between funds | 19,20 | (363) | 363 | - | - | - |
| Net Income/(Expenditure) before other Recognised Gains and Losses | | (476) | (1,472) | (12) | (1,960) | (1,880) |
| Other Incoming Resources | | | | | | |
| Transfer in of Cutty Sark | 19 | - | 10,324 | - | 10,324 | - |
| Other Recognised Gains and Losses | | | | | | |
| Gains/(Losses) on Revaluation of Fixed Assets | | - | 25,755 | - | 25,755 | 10,094 |
| Total Net Movement in Funds | 9 | (476) | 34,607 | (12) | 34,119 | 8,214 |
| Reconciliation of Funds | | | | | | |
| Funds balance brought forward at 1 April 2015 | | 17,903 | 131,951 | 662 | 150,516 | 142,302 |
| Funds balance at 31 March 2016 | | 17,427 | 166,558 | 650 | 184,635 | 150,516 |

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £927,660 (£1,295,275 - 2015) 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 discontinued in either year.

The *Cutty Sark* was transferred to the Museum as a going concern on 1 August 2015.

The notes on pages 58 to 73 form part of these accounts.

**Charity Statement of Financial Activities
For the year ended 31 March 2016**

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|--------------|--------------------------------|------------------------------|----------------------------------|------------------------|------------------------|
| Income and Endowments | | | | | | |
| Donations and Legacies | | | | | | |
| - Grant in Aid | | 15,305 | 215 | - | 15,520 | 16,599 |
| - Other | | 479 | 2,946 | - | 3,425 | 2,498 |
| - Gift Aid donation from NMME | | 928 | - | - | 928 | 1,295 |
| - Recharges NMME | | 148 | - | - | 148 | 911 |
| Total Donations and Legacies | 2 | 16,860 | 3,161 | 0 | 20,021 | 21,303 |
| Other Trading Activities | | | | | | |
| - Trading Income | 3 | - | - | - | - | - |
| - Other | 4 | 870 | - | - | 870 | 1,415 |
| Total Other Trading Activities | | 870 | - | - | 870 | 1,415 |
| Income from Investments | 5 | 112 | 1 | 7 | 120 | 141 |
| Income from Charitable Activities | | | | | | |
| Putting Visitors First and creating inspiring experiences | | 5,151 | - | - | 5,151 | 3,577 |
| Valuing our Heritage, caring for and developing our unique collection | | 275 | - | - | 275 | 266 |
| Extending our reputation, reach and impact | | 472 | - | - | 472 | 619 |
| Total Income from Charitable Activities | 6 | 5,898 | - | - | 5,898 | 4,462 |
| Total Income and Endowments | | 23,740 | 3,162 | 7 | 26,909 | 27,321 |
| Expenditure | | | | | | |
| Expenditure on Raising Funds | | | | | | |
| Costs of Raising Donations and Legacies | | 1,681 | - | - | 1,681 | 1,402 |
| Costs of Other Trading Activities | | | | | | |
| - Trading Costs | 3 | - | - | - | - | - |
| - Other | | 6,088 | - | - | 6,088 | 7,482 |
| Total Cost of Other Trading Activities | 7 | 6,088 | - | - | 6,088 | 7,482 |
| Investment Management Costs | | 76 | 1 | 6 | 83 | 54 |
| Expenditure on Charitable Activities | | | | | | |
| Putting Visitors First and creating inspiring experiences | | 1,936 | 531 | - | 2,467 | 2,746 |
| Valuing our Heritage, caring for and developing our unique collection | | 12,786 | 4,305 | - | 17,091 | 16,195 |
| Extending our reputation, reach and impact | | 1,238 | 159 | 11 | 1,408 | 1,760 |
| Total Expenditure | 7 | 23,805 | 4,996 | 17 | 28,818 | 29,639 |
| Net Gains/(Losses) on Investments | | (48) | (1) | (2) | (51) | 438 |
| Net Income/(Expenditure) | | (113) | (1,835) | (12) | (1,960) | (1,880) |
| Transfers | | | | | | |
| Transfers between funds | 19,20 | (363) | 363 | - | - | - |
| Net Income/(Expenditure) before other Recognised Gains and Losses | | (476) | (1,472) | (12) | (1,960) | (1,880) |
| Other incoming Resources | | | | | | |
| Transfer in of Cutty Sark | 19 | - | 10,324 | - | 10,324 | - |
| Other Recognised Gains and Losses | | | | | | |
| Gains/(Losses) on Revaluation of Fixed Assets | | - | 25,755 | - | 25,755 | 10,094 |
| Total Net Movement in Funds | 9 | (476) | 34,607 | (12) | 34,119 | 8,214 |
| Reconciliation of Funds | | | | | | |
| Funds balance brought forward at 1 April 2015 | | 17,844 | 131,951 | 662 | 150,457 | 142,243 |
| Funds balance at 31 March 2016 | | 17,368 | 166,558 | 650 | 184,576 | 150,457 |

The notes on pages 58 to 73 form part of these accounts.

Balance Sheets as at 31 March 2016

| | Note | Group | | Charity | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Fixed assets | | | | | |
| Tangible Fixed assets | 10 | 158,899 | 124,493 | 158,899 | 124,493 |
| Heritage Assets | 12 | 17,426 | 16,128 | 17,426 | 16,128 |
| Investments | 13 | 5,025 | 5,155 | 5,525 | 5,655 |
| | | <u>181,350</u> | <u>145,776</u> | <u>181,850</u> | <u>146,276</u> |
| Current assets | | | | | |
| Stock | 15 | 301 | 315 | 49 | 52 |
| Debtors: Amounts falling due within one year | 16 | 1,354 | 1,750 | 2,244 | 2,614 |
| Short-Term Deposit | 24 | 3,161 | 4,548 | 3,161 | 4,548 |
| Cash at bank and in hand | 24 | 4,481 | 3,058 | 2,983 | 1,607 |
| | | <u>9,297</u> | <u>9,671</u> | <u>8,437</u> | <u>8,821</u> |
| Current liabilities | | | | | |
| Creditors: Amounts falling due within one year | 17 | (5,111) | (4,931) | (4,811) | (4,641) |
| Net current assets | | <u>4,186</u> | <u>4,740</u> | <u>3,626</u> | <u>4,180</u> |
| Creditors: Amounts falling due after one year | 17 | (901) | 0 | (901) | 0 |
| Net Assets | | <u>184,635</u> | <u>150,516</u> | <u>184,575</u> | <u>150,456</u> |
| Income Funds | | | | | |
| Restricted funds: | | | | | |
| Fair Value Reserve | 19 | 29 | 26 | 29 | 26 |
| Revaluation Reserve | | 53,123 | 27,368 | 53,123 | 27,368 |
| Other Restricted Funds | | 113,406 | 104,557 | 113,406 | 104,557 |
| Total Restricted Funds | | <u>166,558</u> | <u>131,951</u> | <u>166,558</u> | <u>131,951</u> |
| Unrestricted funds: | | | | | |
| Fair Value Reserve | 20 | 1,392 | 1,456 | 1,392 | 1,456 |
| Designated funds | | 13,544 | 14,200 | 13,484 | 14,140 |
| General funds | | 2,491 | 2,247 | 2,491 | 2,247 |
| Total Unrestricted Funds | | <u>17,427</u> | <u>17,903</u> | <u>17,367</u> | <u>17,843</u> |
| Capital Funds | | | | | |
| Fair Value Reserve | 21 | 96 | 87 | 96 | 87 |
| Endowment Funds | | 554 | 575 | 554 | 575 |
| Total Endowment Funds | | <u>650</u> | <u>662</u> | <u>650</u> | <u>662</u> |
| Total Funds | | <u>184,635</u> | <u>150,516</u> | <u>184,575</u> | <u>150,456</u> |

Sir Charles Dunstone, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

23 June 2016

The notes on pages 58 to 73 form part of these accounts.

Consolidated Cash Flow Statement
For the year ended 31 March 2016

| Statement of Cash Flows | Note | 2016 £'000 | 2015 £'000 |
|---|-------------|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | 23 | 2,694 | 830 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 124 | 145 |
| Proceeds from the sale of property, plant and equipment | | 15 | - |
| Purchase of property, plant and equipment | | | |
| Total Asset Additions | 10 | (4,119) | (2,102) |
| Total Purchased Heritage Assets | 12 | (295) | (510) |
| Proceeds from sale of investments | 13 | 2,746 | 1,215 |
| Purchase of investments | 13 | (2,668) | (1,110) |
| Management of Liquid Resources | | | |
| Increase/(Decrease) in short term deposits | 24 | 1,387 | 136 |
| Transfer of Cutty Sark Restricted Cash Reserve | 19 | 638 | - |
| Increase/ (Decrease) in cash | | 522 | (1,396) |
| Cash flows from financing activities: | | | |
| Repayments of borrowing | | | |
| Cash inflows from new borrowing | 17 | 901 | - |
| Receipt of endowment | | | |
| Net cash provided by (used in) financing activities | | 901 | - |
| Reconciliation of increase in cash to movement in net funds | | | |
| (Decrease)/Increase in cash in the period | 23 | 1,423 | (1,396) |
| (Decrease)/Increase in liquid resources in the period | 23 | (1,387) | (136) |
| Change in cash and cash equivalents in the reporting period | | 36 | (1,532) |
| Cash and cash equivalents at the beginning of the reporting period | 23 | 7,606 | 9,138 |
| Change in cash and cash equivalents due to exchange rate movements | | - | - |
| Cash and cash equivalents at the end of the reporting period | 24 | 7,642 | 7,606 |

The notes on pages 58 to 73 form part of these accounts.

**Notes to the Consolidated Accounts
For the year ended 31 March 2016**

1 Accounting Policies

The accounts comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2015), applicable accounting standards, the requirements of the HM Treasury's Financial Reporting Manual, Charities Act 2011 and in the case of the subsidiary the Companies Act 2006, and Accounts Direction issued by the Department for Culture, Media and Sport. The charity is a public benefit entity. The implementation of the Charity SORP 2015 has not resulted in any material restatements in these accounts apart from realignment of the income and expenditure to our corporate aims. 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) Income

Income is classified under the headings of Donations and Legacies and Income 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 and legacies are recognised on a receipts basis unless there is earlier probability 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 probability 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 Expenditure on Raising Funds and Expenditure on Charitable Activities rather than the type of expense in order to provide more useful information to users of the accounts.

Expenditure on Raising Funds and Expenditure on 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 2015. 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).

Costs for the Directorate, Finance Department, Human Resources Department and the IT department which are not directly attributable are allocated across Expenditure on Raising Funds and Expenditure on Charitable Activities calculated as a percentage of the total income and expenditure.

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 as depreciation is not required on heritage assets which have indefinite lives.

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.

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 Donations and Legacies

£15,520,000 (£16,599,000 - 2015) of Grant-in-Aid has been received from the Department for Culture, Media and Sport during the year.

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|---|---------------------------------------|--|---------------------------------|---------------------------------|
| Operating Expenditure | 13,580 | - | - | 13,580 | 14,092 |
| Capital Grant | 1,725 | - | - | 1,725 | 2,284 |
| National Historic Ships UK | - | 215 | - | 215 | 223 |
| Total Grant in Aid | Note 25 15,305 | 215 | - | 15,520 | 16,599 |
| Donations | 479 | 279 | - | 758 | 875 |
| Donations - Capital Projects | - | 1,345 | - | 1,345 | 664 |
| Donated Objects | - | 1,003 | - | 1,003 | 625 |
| Heritage Lottery Fund | Note 25 - | 236 | - | 236 | 334 |
| Heritage Lottery Fund - Capital Projects | - | 83 | - | 83 | - |
| Total Donations and Legacies | 15,784 | 3,161 | - | 18,945 | 19,097 |

Donated objects are artefacts given to the Museum with a value of £1,002,640 (£625,445 - 2015) which included objects associated with *Cutty Sark* with a value of £980,870. Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

During the year the Museum received donations for Capital Projects with a value of £1,428,000 (£664,000 - 2015).

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

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Trading Income | 2,143 | 2,004 |
| Cost of sales | (988) | (923) |
| Gross profit | 1,155 | 1,081 |
| Income from other commercial activities | 1,123 | 1,429 |
| Administrative expenses | (1,354) | (1,219) |
| Operating profit | 924 | 1,291 |
| Interest receivable and similar income | 4 | 4 |
| Profit on ordinary activities before taxation | 928 | 1,295 |
| Tax on profit on ordinary activities | - | - |
| Profit on ordinary activities after taxation | 928 | 1,295 |
| Gift Aid donation to the Charity | (928) | (1,295) |
| Profit retained in the subsidiary | - | - |

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

Administrative expenses include charges of £148,000 (£912,000 - 2015) from the Museum.

Profits on ordinary activities after taxation of £927,660 (£1,295,275 - 2015) will be distributed as Gift Aid to the Charity.

Balance Sheet

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Current Assets | 1,955 | 2,184 |
| Current Liabilities | (1,396) | (1,625) |
| Total current assets less current liabilities | 559 | 559 |

Capital and Reserves

| | 2016 £'000 | 2015 £'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

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Trading income | 2,143 | 2,004 |
| Income from other commercial activities | 1,123 | 1,429 |
| Trading income per SOFA | <u>3,266</u> | <u>3,433</u> |
| Administrative expenses & cost of sales | 2,342 | 2,142 |
| Intercompany transactions | (148) | (912) |
| Trading costs per SOFA | <u>2,194</u> | <u>1,230</u> |
| Investment income | 4 | 4 |
| Intercompany transactions | - | - |
| Investment income included within SOFA | <u>4</u> | <u>4</u> |

4 Activities for Generating Funds - Other

Income from Other Trading Activities - Other is made up as follows:

| | Unrestricted | Restricted | Endow- | 2016 | 2015 |
|--------------------------------|---------------------|-------------------|---------------|--------------|--------------|
| | Funds | Funds | ment | £'000 | £'000 |
| | £'000 | £'000 | Funds | | |
| | | | £'000 | | |
| Conferences & Event Attendance | 12 | - | - | 12 | 2 |
| Events Theatre Hire | 24 | - | - | 24 | - |
| Membership | 266 | - | - | 266 | 172 |
| Publications | 43 | - | - | 43 | 40 |
| Recharged expenses | 335 | - | - | 335 | 1,083 |
| Miscellaneous Other | 139 | - | - | 139 | 69 |
| | <u>819</u> | <u>-</u> | <u>-</u> | <u>819</u> | <u>1,366</u> |

Income of £334,650 (£1,083,000 - 2015) was received from the Cutty Sark Trust for recharge of staff costs for the provision of management services prior to the transfer of the Cutty Sark to the Museum on 1 August 2015.

Admissions Income has been reclassified to note 6, Income from Charitable Activities through implementation of SORP 2015 and alignment to our corporate aims.

5 Investment Income

Investment income is made up as follows:

| | Unrestricted | Restricted | Endow- | 2016 | 2015 |
|---|---------------------|-------------------|---------------|--------------|--------------|
| | Funds | Funds | Funds | £'000 | £'000 |
| | £'000 | £'000 | £'000 | | |
| Dividends receivable | 67 | - | 5 | 72 | 87 |
| Interest receivable - Bank interest | 15 | - | - | 15 | 19 |
| Interest receivable - Fixed Term Deposits | 34 | 1 | 2 | 37 | 39 |
| | <u>116</u> | <u>1</u> | <u>7</u> | <u>124</u> | <u>145</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 Income from Charitable Activities

Income from Charitable Activities include the following:

| | Value Our Heritage £'000 | Put Visitors First £'000 | Extend Our Reputa- tion £'000 | Total Funds 2016 £'000 | 2015 £'000 |
|------------------------------------|-----------------------------------|-----------------------------------|---|---------------------------------|---------------|
| Admissions | - | 5,151 | - | 5,151 | 3,123 |
| Licensing | 162 | - | - | 162 | 149 |
| Open Museum | - | - | 221 | 221 | 187 |
| Recharges | 63 | - | 133 | 196 | 478 |
| Reproductions, Plans & Print Sales | 29 | - | - | 29 | 25 |
| Research | 3 | - | - | 3 | 23 |
| Touring Income | - | - | 118 | 118 | 454 |
| Other | 18 | - | - | 18 | 23 |
| | 275 | 5,151 | 472 | 5,898 | 4,462 |

An amount of £133,000 (£432,000 - 2015) was received from the Cutty Sark Trust for services provided to it during the year prior to the transfer of the Cutty Sark to the Museum on 1 August 2015. Income received from Car Parking, Conferences, Filming & Photography are shown in Note 4 Activities for Generating Funds: Miscellaneous Other.

7 Analysis of Total Expenditure

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:

| | 2016 % | 2015 % |
|---|-----------|-----------|
| Costs of Raising Donations and Legacies | 36 | 37 |
| Costs of Other Trading Activities | 13 | 16 |
| Investment Management Costs | 1 | 1 |
| Putting Visitors First and creating inspiring experiences | 14 | 12 |
| Valuing our Heritage, caring for and developing our unique collection | 32 | 30 |
| Extending our reputation, reach and impact | 3 | 4 |

| | Direct Activi- ties £'000 | Support Cost Allocation | | | | | Total 2016 £'000 | Total 2015 £'000 |
|--|------------------------------------|---------------------------|--------------------------|------------------|-------------|-------------|------------------------|------------------------|
| | | Director- ate £'000 | Govern- ance £'000 | Finance £'000 | HR £'000 | IT £'000 | | |
| Expenditure on Raising Funds | | | | | | | | |
| Costs of Raising Donations and Legacies | 331 | 452 | 26 | 267 | 245 | 360 | 1,681 | |
| Costs of Other Trading Activities | 7,753 | 160 | 9 | 95 | 87 | 127 | 8,231 | |
| Investment Management Costs | 46 | 12 | 1 | 7 | 7 | 10 | 83 | |
| Expenditure on Charitable Activities | | | | | | | | |
| Putting Visitors First and creating inspiring experie: | 1,953 | 173 | 10 | 102 | 93 | 136 | 2,467 | |
| Valuing our Heritage, caring for and developing our | 15,896 | 401 | 23 | 237 | 216 | 318 | 17,091 | |
| Extending our reputation, reach and impact | 1,284 | 41 | 2 | 24 | 23 | 34 | 1,408 | |
| Total Resources Expended | 27,263 | 1,239 | 71 | 732 | 671 | 985 | 30,961 | |

(a) Staff Costs

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Wages and salaries - Permanent Staff | 11,769 | 12,242 |
| Wages and salaries - Agency and Temporary Staff | 116 | 300 |
| Wages and salaries - Consultancy Staff | - | - |
| Social security costs | 1,015 | 1,092 |
| Pension costs | 1,094 | 1,132 |
| Early retirement and termination costs | (118) | 558 |
| | 13,876 | 15,324 |

Early retirement costs represent a credit as prior year provisions were only estimated at the time and were subsequently less than anticipated.

For 2015-16 total payments to Key Management Personnel amounted to £732,568 (£716,798 in 2014-15) including bonuses and other payments.

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 | Staff on Capital Projects | Total 2016 | Total 2015 |
|---|-------|-------------------------------------|---------------------------------|---------------|---------------|
| Expenditure on Raising Funds | | | | | |
| Costs of Raising Donations and Legacies | 8 | 2 | - | 10 | - |
| Costs of Other Trading Activities | 188 | 2 | - | 190 | 137 |
| Expenditure on Charitable Activities | | | | | |
| Putting Visitors First and creating inspiring experiences | 21 | 1 | - | 22 | 23 |
| Valuing our Heritage, caring for and developing our unique collection | 176 | 1 | 1 | 178 | 291 |
| Extending our reputation, reach and impact | 26 | 7 | - | 33 | 21 |
| Administration/Support Costs | | | | | |
| | 42 | 1 | - | 43 | 26 |
| | 461 | 14 | 1 | 476 | 498 |

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:

| | 2016 | 2015 |
|---------------------|------|------|
| £60,000 - £65,000 | 1 | 1 |
| £65,001 - £70,000 | 2 | 4 |
| £70,001 - £75,000 | 1 | - |
| £75,001 - £80,000 | - | 2 |
| £80,001 - £85,000 | 1 | - |
| £85,001 - £90,000 | 1 | - |
| £90,001 - £95,000 | 1 | 1 |
| £95,001 - £100,000 | - | 1 |
| £105,001 - £110,000 | - | 1 |
| £110,001 - £115,000 | 1 | - |
| £130,001 - £135,000 | - | 1 |
| £135,001 - £140,001 | 1 | - |
| | 9 | 11 |

Of the nine employees with earnings over £60,000 per annum there is one 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 this individual to the PCSPS was £18,425 (£43,696 - 2014-15) and to the NMM Group Personal Pension Plan was £84,360 (£65,501 - 2014-15).

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 2012. 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 2015-16, employers' contributions of £85,916 were payable to the PCSPS (£149,467 - 2014-15) at one of four rates in the range 20.0% to 24.5% per cent 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 2015-16 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 £990,500 were paid in 2015-16 (£982,762 - 2014-15) into the Group Personal Pension scheme. This is a defined contribution scheme.

Other Personal Pension Scheme

Nil contributions were paid 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 26.

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2015). Expenses reimbursed (for travel and subsistence) to five Trustees amounted to £2,028 (£1,206 - six Trustees 2015).

c) Grants Made

The Museum has made in 2015-16 the following grants in relation to Valuing Our Heritage:

| | | Provided in these accounts £000 | Committed for 2016- 17 but not provided in these accounts £000 |
|------------------------------------|-----------|--|---|
| The National Trust | i | 29 | - |
| Royal Museums Greenwich Foundation | ii | 1,603 | - |
| | | <u>1,632</u> | <u>-</u> |

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:

| | 2016 £'000 | 2015 £'000 |
|----------------|-----------------------|-----------------------|
| External Audit | 42 | 39 |
| Internal Audit | 22 | 28 |
| | <u>64</u> | <u>67</u> |

The external audit fee of £42,000 (£39,000 - 2015) 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 £9,550 have been included within Activities for Generating Funds - Trading Costs.

9 Total Net Movement in Funds

| | 2016 £'000 | 2015 £'000 |
|-----------------------|-----------------------|-----------------------|
| Net movement in funds | <u>34,119</u> | <u>8,214</u> |

Net movement in funds includes the following charges:

| | | |
|--|-------|-------|
| Auditors' remuneration - for Museum | 42 | 39 |
| Auditors' remuneration - for NMME and Trusts (within Expenditure on Raising Funds) | 9 | 9 |
| Lease rental payments on land and buildings | 394 | 380 |
| Lease rental payment - other | 21 | 11 |
| Loss/(Gain) on Disposal of Assets | (8) | 16 |
| Depreciation | 5,148 | 5,145 |

10 Tangible Fixed Assets

| | Freehold Land & Buildings £'000 | Cutty Sark Canopy £'000 | Fixtures & Fittings £'000 | Plant & Equip- ment £'000 | Computer & Network Equipment £'000 | Motor Vehicles £'000 | Assets under Construc- tion £'000 | Total £'000 |
|--|--|--|--|--|---|-------------------------------------|--|------------------------|
| Cost or valuation: | | | | | | | | |
| At 1 April 2015 | 115,672 | - | 21,211 | 5,792 | 3,262 | 134 | 511 | 146,582 |
| Transfer in - Cutty Sark Canopy | - | 9,446 | 180 | 60 | - | - | - | 9,686 |
| Additions | 68 | - | 280 | 596 | 58 | 47 | 3,070 | 4,119 |
| Disposals | - | - | (117) | (61) | (33) | (48) | - | (259) |
| Transfers Between Asset Class | - | - | 393 | - | - | - | (393) | - |
| Revaluation gain | 23,276 | - | - | - | - | - | - | 23,276 |
| At 31 March 2016 | <u>139,016</u> | <u>9,446</u> | <u>21,947</u> | <u>6,387</u> | <u>3,287</u> | <u>133</u> | <u>3,188</u> | <u>183,404</u> |
| Accumulated depreciation: | | | | | | | | |
| At 1 April 2015 | - | - | 14,283 | 4,847 | 2,850 | 109 | - | 22,089 |
| Depreciation Charge for the year | 2,479 | 355 | 1,380 | 683 | 228 | 23 | - | 5,148 |
| Disposals | - | - | (114) | (59) | (32) | (48) | - | (253) |
| Revaluation gain | (2,479) | - | - | - | - | - | - | (2,479) |
| At 31 March 2016 | <u>-</u> | <u>355</u> | <u>15,549</u> | <u>5,471</u> | <u>3,046</u> | <u>84</u> | <u>-</u> | <u>24,505</u> |
| Net Book Value at 31 March 2016 | <u>139,016</u> | <u>9,091</u> | <u>6,398</u> | <u>916</u> | <u>241</u> | <u>49</u> | <u>3,188</u> | <u>158,899</u> |
| Net Book Value at 31 March 2015 | <u>115,672</u> | <u>-</u> | <u>6,928</u> | <u>945</u> | <u>412</u> | <u>25</u> | <u>511</u> | <u>124,493</u> |

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 2015 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 FRS102 - 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. Negative additions shown in Land and Buildings additions relate to a prior year over accrual.

Legal and Statutory Constraints

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

Revaluation

A review based valuation was carried out on the following assets for 2015-16:

| | Cost | Revaluation |
|--|---------------|--------------------|
| | £'000 | £'000 |
| Main site - Land and Buildings | 82,608 | 112,939 |
| Royal Observatory - Land and Buildings | 14,158 | 21,859 |
| The Brass Foundry - Land and Buildings | 331 | 964 |
| Kidbrooke Stores - Land and Buildings | 1,448 | 3,254 |
| | 98,545 | 139,016 |

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

Contracted for but not provided in the accounts

| | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| | 3,322 | 2,347 |

The commitments relate to the restoration of the Queen's House in advance of its 400th anniversary and to the creation of four new galleries and new storage and conservation studios.

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 2015 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: Including 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/sites/default/files/Collection_Development_Policy_2012-2017.pdf.

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) consultants.

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

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

Loans

Loans Out Policy

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

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

Financial Information on Acquisition of Heritage Assets since 1 April 2010

| Cost or Valuation: | 2010 £'000 | 2011 £'000 | 2012 £'000 | 2013 £'000 | 2014 £'000 | 2015 £'000 | 2016 £'000 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| As at 1 April | 4,172 | 4,588 | 4,862 | 8,927 | 10,084 | 14,993 | 16,128 |
| Collection Addition - Purchased | 125 | 31 | 164 | 632 | 4,747 | 510 | 295 |
| Collection Addition - Donated | 291 | 243 | 3,901 | 525 | 162 | 625 | 1,003 |
| As at 31 March | 4,588 | 4,862 | 8,927 | 10,084 | 14,993 | 16,128 | 17,426 |

Collection additions (donated) include £980,870 of heritage assets associated with the *Cutty Sark* transfer.

Cutty Sark

It is the policy of National Maritime Museum not to capitalise *Cutty Sark* with the museums heritage assets as this ship is in effect inalienable, held in principle in perpetuity and is irreplaceable. Any financially based valuation would be misleading to the value and significance of the material culture involved. The Museum has a clear duty to care for and make available this assets for the enjoyment and education of the public as far as possible, commensurate with the long term care of this ship.

13 Investments

Quoted Investments

| | Group | | Charity | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Market value at 1 April 2015 | 5,155 | 4,822 | 5,155 | 4,822 |
| Additions | 2,668 | 1,110 | 2,668 | 1,110 |
| Disposal Proceeds | (2,746) | (1,215) | (2,746) | (1,215) |
| Loss on Disposal | (23) | - | (23) | - |
| Net Gain/(Loss) on revaluation | (29) | 438 | (29) | 438 |

Market value at 31 March 2016

| | | | | |
|-------------------------------------|-------|-------|-------|-------|
| Historical cost as at 31 March 2016 | 3,508 | 3,586 | 3,508 | 3,586 |
|-------------------------------------|-------|-------|-------|-------|

Unquoted Investments:

| | | | | |
|--------------------------|---|---|-----|-----|
| Cost as at 31 March 2016 | - | - | 500 | 500 |
|--------------------------|---|---|-----|-----|

Total Investments

| | | | | |
|--|-------|-------|-------|-------|
| | 5,025 | 5,155 | 5,525 | 5,655 |
|--|-------|-------|-------|-------|

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

FRS102, 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 | Fixed Financial Assets | Assets Earning Equity Return | Weighted Average Fixed Int Rate | Weighted Average Period for Which Rate Is Fixed |
|-------------------------------------|--------|---------------------------------|------------------------------|---------------------------------------|--|---|
| | £000 | £000 | £000 | £000 | | |
| Year ended 31 March 2016 - Sterling | 12,667 | 4,481 | 3,161 | 5,025 | 1.1% | 3 Months |
| Year ended 31 March 2015 - Sterling | 12,761 | 3,058 | 4,548 | 5,155 | 0.8% | 3 Months |

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

Reconciliation to the Balance Sheet

| | 2016 £'000 | 2015 £'000 |
|------------------------------|---------------|---------------|
| Cash | 4,481 | 3,058 |
| Investments (Current Assets) | 3,161 | 4,548 |
| Investments (Fixed Assets) | 5,025 | 5,155 |
| Total | 12,667 | 12,761 |

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 £432,000 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 £155 (£883 - 2015).

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 a Loan from DCMS repayable over 25 years and all cash deposits are for terms of up to four months.

15 Stock

| | Group | | Charity | |
|------------------|--------------|--------------|--------------|--------------|
| | 2016 £000 | 2015 £000 | 2016 £000 | 2015 £000 |
| Goods for resale | 301 | 315 | 49 | 52 |

16 Debtors: Amounts falling due within one year

| | Group | | Charity | |
|---|---------------|---------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Trade debtors | 354 | 765 | 258 | 351 |
| Amount owed by subsidiary | - | - | 928 | 1,295 |
| Prepayments | 245 | 329 | 245 | 322 |
| Taxation (VAT) | 362 | 118 | 403 | 155 |
| Accrued income | 314 | 444 | 293 | 399 |
| Other debtors | 79 | 94 | 117 | 92 |
| Total | 1,354 | 1,750 | 2,244 | 2,614 |
| Balances with Central Government Bodies | 367 | 120 | 408 | 156 |
| Balances with local authorities | 12 | 1 | 12 | 1 |
| Balances with bodies external to government | 975 | 1,629 | 1,824 | 2,457 |
| Total | 1,354 | 1,750 | 2,244 | 2,614 |

Accrued income includes £271,200 of income due from restricted grant funding for specific projects undertaken by the Museum in the 2015-16 year.

Other debtors includes £19,500 of unrepresented credit card income (£46,000 - 2015).

17 Creditors:

| | Group | | Charity | |
|---|---------------|---------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Amounts falling due before one year | | | | |
| Trade creditors | 477 | 493 | 460 | 370 |
| Other creditors | 16 | 73 | 17 | 64 |
| Taxation and social security | 252 | 271 | 252 | 271 |
| Accruals | 3,799 | 2,969 | 3,734 | 2,940 |
| Deferred income | 567 | 1,125 | 348 | 996 |
| Balance falling due within one year | 5,111 | 4,931 | 4,811 | 4,641 |
| Amounts falling due after one year | | | | |
| DCMS Loan and Interest | 901 | - | 901 | - |
| Balance falling due after 1 year | 901 | - | 901 | - |
| Total | 6,012 | 4,931 | 5,712 | 4,641 |
| Balances with Central Government Bodies | 1,154 | 271 | 1,154 | 271 |
| Balances with local authorities | - | - | - | - |
| Balances with bodies external to government | 4,858 | 4,660 | 4,558 | 4,370 |
| Total | 6,012 | 4,931 | 5,712 | 4,641 |

During the year we received the first instalment of a loan from DCMS of £900,000, this will be repayable over 25 years at 1.93%.

The movement on the deferred income account is as follows:

| | Group | | Charity | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Deferred income at 1 April | 1,125 | 1,348 | 996 | 977 |
| Released in year | (880) | (746) | (752) | (375) |
| Deferred in year | 322 | 523 | 104 | 394 |
| Deferred income at 31 March | 567 | 1,125 | 348 | 996 |

18 Operating Leases

As at 31 March 2016 the Museum had obligations under non-cancellable operating leases which are due as follows:

| | Group | | Charity | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Buildings | | | | |
| - Within one year | 394 | 380 | 394 | 380 |
| - In the second to fifth year | 1,077 | 1,194 | 1,077 | 1,194 |
| - After five years | 1,504 | 1,817 | 1,504 | 1,817 |
| Total | 2,975 | 3,391 | 2,975 | 3,391 |
| Other | | | | |
| - Within one year | 13 | 11 | 13 | 11 |
| - In the second to fifth year | 24 | - | 24 | - |
| - After five years | - | - | - | - |
| Total | 37 | 11 | 37 | 11 |

19 Restricted Funds

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

| | Balance 1 Apr 2015 £'000 | Transfer In £'000 | Income £'000 | Expendi- ture £'000 | Gains/ (Losses) £'000 | Transfers £'000 | Balance 31 March 2016 £'000 |
|--|--------------------------------|-------------------------|-----------------|---------------------------|-----------------------------|--------------------|--------------------------------------|
| Land and Buildings Fund | 88,304 | - | - | (2,479) | - | 68 | 85,893 |
| Revaluation Reserve | 27,368 | - | - | - | 25,755 | - | 53,123 |
| Cutty Sark Buildings Fund | - | 9,686 | - | (355) | - | - | 9,331 |
| Cutty Sark Preservation Fund | - | 638 | - | - | - | - | 638 |
| Special Purpose Funds | - | - | 2,000 | (2,000) | - | - | - |
| Collections Capital Fund | 16,128 | - | 1,003 | - | - | 295 | 17,426 |
| National Historic Ships UK Fund | - | - | 369 | (369) | - | - | - |
| No. 3 Trust Fund - Sackler Caird Fund | 72 | - | 35 | (38) | (1) | - | 68 |
| No. 3 Trust Fund - Anderson Fund | 74 | - | - | - | - | - | 74 |
| No. 3 Trust Fund - Bosanquet Fund | 5 | - | - | - | - | - | 5 |
| Total Restricted Funds including Fair Value Reserve | 131,951 | 10,324 | 3,407 | (5,241) | 25,754 | 363 | 166,558 |

The above fund includes a balance of £29,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2016.

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.

Cutty Sark Buildings Fund represents the difference between the Net book Value transferred at 1 August 2016 and valuation of the land and buildings at year end.

Cutty Sark Preservation Fund is the transfer of cash funds from the Cutty Sark Trust which is held as a restricted fund for the conservation of the ship *Cutty Sark*.

Special Purpose Funds represent 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 asset

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

The Caird Fund 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 Museum's 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 2016.

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.

| | Balance | | Expenditure | Gains/ (Losses) | Transfers | Balance |
|------------------------------|---------------|---------------|-----------------|--------------------|--------------|---------------|
| | 1 Apr 2015 | Income | | | | 31 March |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 20 Unrestricted Funds | | | | | | |
| Tangible Asset Fund | 7,194 | - | (2,305) | - | 2,773 | 7,662 |
| Designated Capital | - | 1,725 | - | - | (1,725) | - |
| Cutty Sark Preservation Fund | - | - | - | - | 150 | 150 |
| Caird Fund | 1,228 | 14 | (41) | (6) | - | 1,195 |
| Development Fund | 6,599 | 79 | (29) | (40) | (1,316) | 5,293 |
| No. 3 Trust Fund | 576 | 7 | (4) | (2) | - | 577 |
| Trading Funds | 59 | 3,270 | (2,342) | - | (928) | 59 |
| Designated Funds | 15,656 | 5,095 | (4,721) | (48) | (1,046) | 14,936 |
| General Funds | 2,247 | 20,543 | (20,982) | 0 | 683 | 2,491 |
| | 17,903 | 25,638 | (25,703) | (48) | (363) | 17,427 |

The above fund includes a balance of £1,392,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2016.

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.

Cutty Sark Preservation Fund No. 2, the trustees have decided to designate £150,000 in the year to put towards the long term conservation of the s

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 Museum's 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 transfer out of the Trading Funds represent the transfer of the profit as Gift Aid to the Charity.

21 Endowments

Permanent endowments:
The Caird Fund
The Sackler Fund

| Balance 1 Apr 2015 £'000 | Income £'000 | Expendi- ture £'000 | Invest- ment Loss £'000 | Balance 31 March 2016 £'000 |
|--------------------------------|-----------------|---------------------------|----------------------------------|--------------------------------------|
| 501 | 6 | (17) | (2) | 488 |
| 161 | 1 | - | - | 162 |
| <u>662</u> | <u>7</u> | <u>(17)</u> | <u>(2)</u> | <u>650</u> |

The above fund includes a balance of £96,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2016.

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

Fund balances at 31 March 2016 are represented by:

| | Unrestricted Designated Funds £'000 | Unrestric- ted General Funds £'000 | Restric- ted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 |
|--|--|--|-----------------------------------|----------------------------------|------------------------|
| Heritage Assets | - | - | 17,426 | - | 17,426 |
| Tangible Fixed assets | 10,792 | - | 148,107 | - | 158,899 |
| Investments | 3,350 | - | 1,025 | 650 | 5,025 |
| Current assets | 6,806 | 2,491 | - | - | 9,297 |
| Creditors: Amounts falling due within one year | (5,111) | - | - | - | (5,111) |
| Creditors: Amounts falling due after one year | (901) | - | - | - | (901) |
| Group Net Assets | <u>14,936</u> | <u>2,491</u> | <u>166,558</u> | <u>650</u> | <u>184,635</u> |

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

Reconciliation of movements in unrealised gains on land and buildings:

| | Unrestric- ted Funds £'000 | Restric- ted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 |
|-----------------------------------|-------------------------------------|-----------------------------------|----------------------------------|------------------------|
| Unrealised gains at 1 April 2015 | - | 27,368 | - | 27,368 |
| Net gain arising on revaluation | - | 25,755 | - | 25,755 |
| Unrealised gains at 31 March 2016 | - | <u>53,123</u> | - | <u>53,123</u> |

Reconciliation of movements in unrealised gains on investments:

| | Unrestric- ted Funds £'000 | Restric- ted Funds £'000 | Endow- ment Funds £'000 | Total 2016 £'000 |
|-----------------------------------|-------------------------------------|-----------------------------------|----------------------------------|------------------------|
| Unrealised gains at 1 April 2015 | 1,455 | 19 | 95 | 1,569 |
| Net loss arising on revaluations | (48) | (1) | (2) | (51) |
| Unrealised gains at 31 March 2016 | <u>1,407</u> | <u>18</u> | <u>93</u> | <u>1,518</u> |

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

| | 2016 £'000 | 2015 £'000 | |
|--|----------------|---------------|---------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | (1,960) | (1,880) | |
| Adjustments for: | | | |
| Donated Objects | Note 2 | (1,003) | (625) |
| Depreciation charges | Note 10 | 5,148 | 5,145 |
| (Gains)/losses on investments | | 51 | (437) |
| Investment income | Note 5 | (124) | (145) |
| (Increase)/Decrease in stock | Note 15 | 14 | 47 |
| (Increase)/Decrease in debtors falling due within one year | Note 16 | 396 | (105) |
| (Decrease)/Increase in creditors | Note 17 | 180 | (1,185) |
| Loss on Disposal of Fixed Assets | Note 9 | (8) | 16 |
| Net cash inflow from operating activities | <u>2,694</u> | <u>831</u> | |

Reconciliation of increase in cash to movement in net funds

| | 2016 £'000 | 2015 £'000 |
|---|---------------|----------------|
| (Decrease)/Increase in cash in the period | 1,423 | (1,396) |
| (Decrease)/Increase in liquid resources in the period | (1,387) | (136) |
| Change in net funds resulting from cash flows | <u>36</u> | <u>(1,532)</u> |
| Net funds at 1 April 2015 | 7,606 | 9,138 |
| Net funds at 31 March 2016 | <u>7,642</u> | <u>7,606</u> |

24 Analysis of net funds

| | NMM £'000 | Trusts £'000 | Charity £'000 | NMME £'000 | 2016 Group £'000 | 2015 Group £'000 |
|---------------------------------------|----------------------|-------------------------|--------------------------|-----------------------|---------------------------------|---------------------------------|
| Held at Commercial Banks | 1,580 | 1,390 | 2,970 | 1,495 | 4,465 | 3,044 |
| Cash in Hand | 14 | - | 14 | 2 | 16 | 14 |
| | 1,594 | 1,390 | 2,984 | 1,497 | 4,481 | 3,058 |
| Liquid resources - Short Term Deposit | 420 | 2,741 | 3,161 | - | 3,161 | 4,548 |
| Net funds | 2,014 | 4,131 | 6,145 | 1,497 | 7,642 | 7,606 |

25 Related party transactions

The National Maritime Museum is a Non-Departmental Public Body whose parent department is the Department for Culture, Media and Sport.

a) The Department for Culture, Media and Sport

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

| | | 2016 £'000 | 2015 £'000 |
|-------------------------------|---------------|-----------------------|-----------------------|
| Grant in Aid received | | 13,795 | 14,315 |
| Capital Grant in Aid received | | 1,725 | 2,284 |
| Total received from DCMS | Note 2 | 15,520 | 16,599 |

In addition we received the first instalment of a loan from DCMS of £900,000 out of the total value of £6.1 million.

b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants from the Heritage Lottery Fund in the year of £318,644 (£334,198 - 2015). The HLF shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £326,000 (£108,500 - 2015) at the end of the year.

| | | 2016 £'000 | 2015 £'000 |
|---|---------------|-----------------------|-----------------------|
| Restricted Grants received from the Heritage Lottery Fund | Note 2 | 236 | - |
| Capital Grants received from the Heritage Lottery Fund | | 83 | - |
| Total Heritage Lottery Grants | | 319 | - |

c) The Arts Council England

The National Maritime Museum received grants from the Arts Council England in the year of £29,500 (£46,000 - 2015). The ACE shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £Nil (£22,500 - 2015) at the end of the year.

d) The Trustees, Staff and Other Related Parties

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

| Related Party | Nature of Relationship | Value of income received during the year £'000 | Value of expenditure during the year £'000 | Nature of transaction |
|------------------------------------|--|---|---|---|
| Royal Museums Greenwich Foundation | E Boddington, a Trustee of the related party, served as a Trustee during the year | 666 | | Income received & expenditure recharges |
| Imperial War Museum | C Lintott, who provided research assistance to the related party, served as a Trustee during the year. | 13 | | Expenditure recharges - shared rental expense |
| BBC | C Lintott, freelancer for the related party, served as a Trustee during the year. | 11 | | Income from image use |
| Royal Museums Greenwich Foundation | E Boddington, a Trustee of the related party, served as a Trustee during the year | | 1,603 | Grants made |
| Chatham Historic Dockyard Trust | Sir R Crawford, a Trustee of the related party, served as a Trustee during the year | | 101 | Rental at No1 Smithery, Chatham |
| Visit Greenwich DMC | K Fewster, a Director of the related party, served as a Director during the year | | 30 | Research assistance |
| Imperial War Museum | C Lintott, who provided research assistance to the related party, served as a Trustee during the year | | 7 | Research assistance |
| National Trust | K Fewster, a Member of the related party, served as a Director during the year | | 3 | Grants made |
| Museums Association | K Fewster, a Member of the related party, served as Director during the year. | | 5 | Conference and membership costs |
| Clore Leadership Programme | M Sarna, a Fellow of the related party, served as a Director during the year. | | 2 | Staff development & training |
| | | 690 | 1,751 | |

At the year end there is a creditor balance of £1,603,000 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 £150 and expenditure of £1,888.

Additional information on key management remuneration is provided in the Remuneration Report on page 26.

26 Contingent Liabilities

The Museum had no contingent liabilities at the year end.

27 Post Balance Sheet Events

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

There are no other post balance sheet events to report.

28 Control of the Consolidated Entities

The charity accounts consist of the National Maritime Museum. 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 Audit Committee meetings. Day to day control is operated through the financial and management arrangements of the executive offices of the Museum. Accountability is to the Trustees of the Museum and to the Department for Culture, Media and Sport.

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