

# National Maritime Museum Annual Report and Accounts 2016-2017

# National Maritime Museum Annual Report and Accounts 2016-2017

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

Ordered by the House of Commons to be printed on 12 July 2017

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office



© Crown copyright 2017

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/government/publications](http://www.gov.uk/government/publications)

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

Print ISBN 9781474145299  
Web ISBN 9781474145305

ID 18051709 07/17

Printed on paper containing 75% recycled fibre content minimum

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

**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT  
AND  
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**CONTENTS**

<b>i</b>	<b>Statutory Background and History</b>	<b>1</b>
<b>ii</b>	<b>Mission, Objective and Aims</b>	<b>2</b>
<b>1.</b>	<b>Chairman's Foreword</b>	<b>3</b>
<b>2.</b>	<b>Director's Statement</b>	<b>4</b>
<b>3.</b>	<b>Review of activities and performance 2016–17</b>	<b>5</b>
<b>4.</b>	<b>Sustainability report</b>	<b>17</b>
<b>5.</b>	<b>Future priorities</b>	<b>22</b>
<b>6.</b>	<b>Workforce and Employment</b>	<b>25</b>
<b>7.</b>	<b>Remuneration and Staff Report</b>	<b>28</b>
<b>8.</b>	<b>Reference and administrative details</b>	<b>32</b>
<b>9.</b>	<b>Supporters of the National Maritime Museum 2016–17</b>	<b>34</b>
<b>10.</b>	<b>Financial Review</b>	<b>37</b>
<b>11.</b>	<b>Statement of the Responsibilities of the Board of Trustees and the Director as Accounting Officer</b>	<b>41</b>
<b>12.</b>	<b>Governance Statement</b>	<b>42</b>
<b>13.</b>	<b>The Certificate and Report of the Comptroller and Auditor General</b>	<b>52</b>
<b>14.</b>	<b>Consolidated Statement of Financial Activities</b>	<b>54</b>
<b>15.</b>	<b>Charity Statement of Financial Activities</b>	<b>55</b>
<b>16.</b>	<b>Balance Sheets as at 31 March 2017</b>	<b>56</b>
<b>17.</b>	<b>Consolidated Cash Flow Statement</b>	<b>57</b>
<b>18.</b>	<b>Notes to the Consolidated Accounts</b>	<b>58</b>

## **i MUSEUM BACKGROUND**

The National Maritime Museum was founded by Act of Parliament in 1934. It is the largest maritime museum in the world and it now includes the Queen's House, the Royal Observatory 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 2016–17 welcomed some 2.41 million visits from Britain and around the world and 4.3 million visits to its website [www.rmg.co.uk](http://www.rmg.co.uk).

By the 1934 Act the Board of Trustees of the National Maritime Museum is a statutory corporation and an exempt charity. For management purposes the Museum is classed as an Executive Non-Departmental Public Body. In 2016–17 the Museum had an annual income of some £123 million (including donated gifts of £73.5m and capital grants of £22.6m) and a staff of 500 full-time equivalents, under the Board of Trustees, the Director, and an Executive.

The Museum's total revenue income in 2016–17 of £26.8m constituted £13m (49%) from its self-engendered trading activity, donations and sponsorship; and £13.8m (51%) 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. Admission 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 and conservation 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 collection is the most important holding in the world on the history of Britain at sea. It comprises 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 Royal 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 overseas. 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:

**enrich people's understanding of the sea, the exploration of space, and Britain's role in world history.**

The Museum's **Objective** is:

**to discover more about humanity and the possibilities of human endeavour by showing how we strive to explore our world and our universe.**

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 organisation.**

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

## 1. CHAIRMAN'S FOREWORD

At this point last year the Museum, in association with the Art Fund, was embarking on a £10-million fundraising campaign to purchase the celebrated Armada Portrait of Queen Elizabeth I, one of the most famous royal images in British history

The Trustees and I are very pleased to report that, with great help from the Heritage Lottery Fund, the Art Fund and many individual and institutional supporters, we succeeded in doing so. For a public holding already rich in great works of art, this portrait has to be regarded as the most nationally significant that we have ever acquired. The Board and I profoundly thank all those who played a part in securing it for the national collection at Greenwich, where Elizabeth herself was born and spent much time. It is currently undergoing conservation but will return to the Queen's House in September 2017 for the delight and inspiration of our many visitors.

The restoration of the Queen's House itself for its 400th anniversary, and its complete redisplay with fine and decorative art, was another great achievement in the year. Thus refurbished, Britain's first truly classical building remains the undoubted centre of the park-and-palace landscape of the Maritime Greenwich World Heritage Site, which –including Cutty Sark and the old town centre – now receives some 17 million visitors a year. In April 2017 the Queen's House hosted the 20th-anniversary celebration of Maritime Greenwich receiving this UNESCO status, with a glorious evening lighting of the main historic buildings.

The House was also used for the symbolic opening of the National Maritime Museum on 27 April 1937, by King George VI and Queen Elizabeth (the late Queen Mother). So on 27 April we marked our own 80th anniversary with a particularly enjoyable all-staff photograph taken alongside the House, with the Royal Observatory in view over our shoulders.

At a more human scale I believe one of the most important things we have accomplished this year was the opening of an innovative 'Pop-up Museum' in Lewisham Shopping Centre. This centred on our Heritage Lottery Fund 'Traveller's Tails' project (related to the acquisition of the Kangaroo and Dingo paintings by George Stubbs) but it also informs our development of the forthcoming 'Pacific Encounters' gallery. The space features interactives, handling collections, a make-and-take area and a reproduction of the Dingo painting. Lewisham Shopping Centre has very kindly donated use of the space and the Pop-up Museum remains open while it is without a tenant. The project exemplifies our commitment to outreach, our need to find out how others think we could improve, and our special relationship with our local stakeholders. We have learned a great deal from it.

The Board of Trustees comprises individuals who give their time entirely voluntarily and, as Chairman, I am always impressed with and very thankful for the great expertise and commitment they bring to the Museum. In 2016 the Trusteeships of Sir Robert Crawford and Linda Hutchinson ended, and I would like to acknowledge here their great support over the last eight years. In September the Prime Minister appointed Dr Aminul Hoque to the Board. Aminul brings 25 years of voluntary and professional experience in the youth, community and voluntary sector, and is a recognized expert in young people and cultural identity – an area of great importance to the Museum's efforts to explore hidden histories.

A 400th, an 80th, and a 20th anniversary make a celebratory way to view our efforts and achievements in the continuum of both preserving and being part of Britain's cultural history. The Trustees and I are very grateful to all those who recognize the importance of what we do and work with us constantly to build upon our past.

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

2016–17 has been a year of unprecedented effort on the entire Endeavour project (see page 23). This is now in its delivery phase and work fully across the Museum has been intense. The year started with the move of some 136 staff to their new open-plan offices. It has continued with planning the move of the entire Conservation Department; the construction of the Prince Philip Maritime Collections Centre (now nearing completion); collection-management work on storage and collection moves; base-build in the galleries and design of their content and fit-out; and work on our inspirational activity plan. The financial year finished with the completion of new entrance and retail facilities at the Royal Observatory.

In addition to all this exceptional work I would like to highlight other notable features of the period, aligned to the four Aims of our Corporate Plan:

### **1. Put visitors first**

- Visitation to Royal Museums Greenwich of 2.45 million in the 2016 calendar year puts us in the national top ten of the Association of Leading Visitor Attractions. This is an especially pleasing achievement given that it was in a further year of reduced visits from overseas and continuing, though necessary, travel interruptions from London Bridge.
- Our special exhibitions *Above and Beyond* and *Emma Hamilton: Seduction and Celebrity* were well received by their visitors and the critics – *Emma* gaining a five- star review from the *Guardian*.
- The Peter Harrison Planetarium had another record year, welcoming over 205 thousand people and school visits to its wide range of shows and special events.
- Our four-year programme of activities centred around 1914–18 continued with the *Jutland 1916* exhibition, opened by the First Sea Lord, to mark the centenary of the largest sea battle of the First World War.

### **2. Value our heritage**

- The completion of major restoration of the Queen's House in its 400th anniversary year has been very well received. Historic England described the project as 'breathtaking in its scope, vision and execution' and visits are running at almost double the rate of when the House was open in 2015.
- We welcomed and were extremely grateful for the transfer, from the Ministry of Defence Art Collection into the national maritime collection, of 239 highly significant items.

### **3. Extend our reputation**

- Our Members programme is going from strength to strength, with several record months of recruitment in 2016–17. It is particularly gratifying to see the strong take-up from families.
- Nearly 100 delegates from across the UK met at the Museum on 4 November for the first-ever Maritime Archives Conference.
- I was delighted to be asked to speak to a Symposium for Future Strategies of the German Harbour Museum, Hamburg, 20–21 October, and to address a conference in Amsterdam on 25 November marking the 100th anniversary of the Nederlands Scheepvaartmuseum.

### **4. Strengthen our organisation**

- This year we have changed the approach to our food and drink offer, and have chosen a single caterer, Benugo, to operate across all four of our sites. We have also relocated the main shop into the Sammy Ofer Wing foyer and created a new books and retail offer at the Stanhope Entrance. I am pleased that these examples highlight our constant efforts both to please visitors with our services and boost our self-earned income.
- Volunteering is key to our success: 2016–17 has seen 102 additional e-volunteers recruited to our project to transcribe and make available the admission registers of the Dreadnought Seamen's Hospital, 1826–1930, while we have also recruited 25 new

conservation volunteers to innovative roles demonstrating conservation in action to the public.

This broad span of work and achievements, and in such a demanding and busy year for Royal Museums Greenwich, is the result of very hard work by all my colleagues and our many volunteers, supporters, Patrons and Members. Please accept my gratitude for all your commitment and enthusiasm.

I end by recording, sadly, that Martyn Heighton, Director, National Historic Ships UK was lost to us in November 2016. Martyn was a pillar of the maritime heritage community. Since its inception in 2006, NHS - UK had gone from strength to strength under his dynamic leadership. Martyn was an exemplar of creative and tireless public service for the benefit of us all, and for future generations.

Dr Kevin Fewster, A.M., Director

20 June 2017

### **3. REVIEW OF ACTIVITIES, ACHIEVEMENTS & PERFORMANCE**

The following section is a brief review of the activities and achievements of 2016–17 (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.

#### **AIM 1: PUT VISITORS FIRST**

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

See page 23 for the specific progress of the Endeavour capital project.

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

The conservation of the significant historic interiors (King's Presence Chamber, Tulip Stairs and Great Hall) was completed and the movement and installation of over 400 works completed on schedule. Interpretation of both the historic building and art hang is complete. Additional basement display work is due to complete by the end of the year.

The Armada Portrait is undergoing conservation with plans to return the portrait in September 2017. We will be undertaking various rehangs in the Queen's House in the coming months to account for return of various high profile loans and the Tudor Portraits project.

#### **NMM Enrichment**

Various "Quick Fixes" (Library, Learning Space, Member's Lounge, Voyagers) are in progress or completed. Briefs are now in development for the priority projects; *Stanhope* and *Sammy Ofer Entrances* together with the wider *Welcome, Orientation & celebration* elements for completion autumn 2018.

#### **Exhibitions**

##### *Special Exhibitions*

- *Seduction & Celebrity: The Spectacular Life of Emma Hamilton*: 4 November 2016 to 17 April 2017
- *Death in the Ice: The Shocking Story of Franklin's Final Expedition*: (a partnership with Canadian Museum of History), detail design complete, build contractor appointed, opening 14 July 2017

- *British Seaside photography: 1960 to present* (working title) showcasing 4 seaside photographers including Martin Parr
- *Modern British Artists & the Sea: 1914–1951* (working title) content and business case in development. Design/build efficiencies to be built in with British Seaside Photography
- *Our Moon*, programmed for 2019 - content and business case in development.

#### *Touring Exhibitions*

- *Ships, Clocks and Stars*, now complete after a successful run at the Australian National Maritime Museum
- *Visions of the Universe* now finished after a successful final run at Sea City Museum
- *Insight Astronomy Photographer of the Year*: Negotiations complete with Exploratorium, Portugal to act as broker for the exhibition in Spain/Portugal. We have also secured the contract for the Moscow Polytechnic Museum who are also kindly serving as an agent for the whole of Russia. We are in ongoing negotiations for additional UK, US and SE Asia venues regarding the tour.

#### *Galleries and Gallery Enhancements*

- *Jutland* opened in May 2016
- *Re-Think Navy* theme opened in June 2016
- America's Cup display opened on 28 April 2017 in time for the great race
- At the Royal Observatory: Observatory Life, Flamsteed House apartments phase 2 complete and enhancement planning for 2017-18 underway.

#### *Masterplanning & Design*

- Special Exhibitions 5 year programme: programme review undertaken over the summer resulting in changes to existing exhibitions and possible changes to existing processes to improve efficiency and align more closely with new brand & forthcoming audience development strategy.

#### *Digital Projects (exhibitions only)*

- *Spirited*, a digital adventure: an immersive augmented reality experience and schools guided tour (designed in-house). Phase 1 launched successfully in March, evaluation on-going
- Digital Collections Project (working title): a project showcasing our hidden collection, kick off workshop to be held in April, project delivery by autumn 2018.

#### **Library and Archives**

- The Museum's digitised collection of Merchant Seamen Death Records, 1939-1953 was made available on Ancestry with 61,786 records searchable by name
- The Navy Board Project transcribing the Museum's collections of letters from the Navy Board to the Admiralty from the late seventeenth century, continues with a further 3,731 records added to the Museum's catalogues
- A 3 year cataloguing project by volunteer Jane Knight of the Markham papers was completed in July and saw 4,950 records added to the Museum's catalogues and made available to the public
- In April the Museum hosted a visit by the Commonwealth Caribbean Countries & Territories. This included a visit to the Library to see related documents hosted by archivist Martin Salmon and a tour of Atlantic Worlds: Exploration and Cultural Encounters gallery by Dr Rob Blyth, Curator of World and Maritime History. Countries represented included British Virgin Islands, Turks and Caicos Islands, Gibraltar, the Falkland Islands, St. Helena and Tristan da Cunha
- Muslims at Sea Study Day – 'From Barbary Pirates to Brick Lane' 2 sessions in Library given showing documents relating to Muslim and Lascar sailors and explaining the resources available to researchers

- The Museum hosted a conference ‘A New narrative for the British Overseas Territories’ which was arranged by the student organisation for British Overseas Territories.

## **NMM Learning**

### *Informal Learning and Public programmes*

- A programme of activities ran for World Mental Health day on 10 October, the day was created in partnership with Greenwich Mind and was the first in a series of co-produced activities that will continue in support of Mental Health awareness
- Halloween Late: Mystery at the Museum – the NMM hosted a night of activity inspired by the collections and making use of the galleries in a frantic quest for answers from leading interactive and immersive theatre specialists SPECIFIQ, the exhilarating evening was run to celebrate Museums and the night and was attended by 600 people
- Traveller’s Tails HLF Activity Plan update - In March we opened a pop-up museum in Lewisham Shopping Centre. This has been a great success in engaging audiences that have not yet been to our Greenwich site (and gained a mention on the World Service). Since opening 6,644 visitors have come through the door and the public comments have been hugely supportive
- Over the Easter holidays the National Maritime Museum and Daisy Farris Dance Collective have been working with local young people to research the tragic sinking of the SS *Princess Alice* and choreograph a new retelling of the tragic story. The group performed The SS *Princess Alice* Disaster on Thursday 13th and Friday 14th April as part of the Tall Ships Regatta
- In March we celebrated our first Women’s History Month programme Women Making Waves a month long programme to share and celebrate the lives and achievements of women whose adventures and tales have been lost to history. As part of this we installed the Haenyeo: Women of the Sea exhibition at the National Maritime Museum, an exploration of the inspirational female divers of Jeju Island in South Korea.

## **Cutty Sark Learning**

- We have designed a new programme for Early Years Foundation Stage and Key Stage 1 called *All Aboard the Story Ship*. The session uses storytelling, drama, dance, music and art in a retelling of the Robert Burns poem Tam O’Shanter. The session was trialled with five classes in the summer term and received excellent feedback from the schools involved
- Herongate primary school in Woolwich was our partner school for the annual Kids in Museums Takeover Day on 18 November. Six preparation workshops took place at the school or at the ship. The event was attended by the Mayor of Greenwich and was very popular with local families
- A new ship’s character has joined the cast of actors in time for the Tall Ships Festival. Emma Louise Ray is the mother of a ship’s apprentice. 84 character actor performances took place during the period with 2,900 participants.

## **Science Learning and Public Engagement at the Royal Observatory**

### *Formal Learning*

- The astronomy programme for schools at the ROG has reached in excess of 41,000 school visitors over the last financial year. Evaluation reveals consistently high levels of visitor satisfaction and a strong delivery of learning outcomes
- Our educational video resources have received in excess of 67,000 views over the past year. New video resources for next year are currently entering the final stage of production, including one developed in collaboration with Boeing.

### *Informal Learning*

- The programme of events surrounding the Transit of Mercury on May 9th was a rousing success, with 800 participants on site and 136,000 people viewing our online broadcast via YouTube

- Over 700 visitors gazed at the mysterious planet Venus during the daytime through our Great Equatorial Telescope in late August and early September 2016. This rare chance to see a planet was a sell-out on all dates
- The new informal learning team, which began as a pilot in October 2015, has proven to be a success. The delivery of an improved and expanded offer has enabled us provide more visitors to the north and south sites with enriching learning experiences, from observing sessions to family workshops.

#### *Planetarium*

- The Insight Astronomy Photographer of the Year show produced by our Planetarium Astronomers is being distributed on line to an international audience in collaboration with the European Southern Observatory. The show has been taken by 25 organisations in 10 different countries around the world and is projected to be seen by 77,000 people.

#### **Visitor Experience**

- A pan-museum Visitor Improvement Group has been established for ROG and for *Cutty Sark* to create a strategy for the short, medium and long-term future with the objectives to increase visitor numbers and the visitor experience.

#### *Greenwich Community College 6 week "Taster" volunteering scheme*

- Following the success of the recruitment exercise at Greenwich Community College seven students successfully completed their six week taster volunteering sessions. The scheme was deemed to be a success as all attendees felt that their confidence in using spoken English had improved and that they had valued the opportunity to experience the work of the Visitor Experience team. Of particular note is that two of the attendees have gone on to join the volunteer team and continue to give their time to the Museum. In addition they have expressed a wish to apply for Visitor Assistant roles in the next round of recruitment.

### **AIM 2: VALUE OUR HERITAGE**

#### **Care for and develop our unique collection and world historic sites**

##### **Significant acquisitions included:**

- The Armada portrait of Queen Elizabeth I. The portrait commemorates the most famous conflict of Elizabeth's reign (1558–1603), the failed invasion of England by the Spanish Armada in summer 1588. One of the definitive representations of the English Renaissance, encapsulating the creativity, ideals and ambitions of the Elizabethan era
- 239 highly significant maritime elements from the Ministry of Defence Art Collection including key works of art such as the 26 William Hodges oils of the Pacific relating to Cook's second voyage, the portrait of Poedua by John Webber and an encyclopaedic collection of Royal Navy marine chronometers
- Quarter repeating spring clock, Number 164 (circa 1690) by Thomas Tompion bequeathed by Lt-Col Hugh Norman Bellamy via his Will Trust and Equiom Trust Ltd, valued at £195,000
- Cast silver taperstick modelled as a 'lass' (1761-62) by William Cafe. Almost certainly the matched pair to PLT0724 taperstick modelled as a sailor, which the Museum purchased in 1987.

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

##### **Ship Maintenance**

- A project has been initiated to send the two lifeboats to partner organisations for conservation; the International Boat Training College in Lowestoft and the Pioneer Sailing Trust have both agreed to carry out works to RMG specifications. This project is

an excellent opportunity for a training and skills-based partnership with organisations looking to expand provision and opportunities for students and apprentices

- There are currently 6 volunteer ship technicians in action working with the team
- RMG is working in partnership with National Historic Ships UK to support NHSUK's upcoming HLF application for a second phase of its successful Shipshape Heritage Training Partnership Project. This would see *Cutty Sark* welcome two trainees for around nine months and give them valuable experience in museum conservation theory and skills, as well as curatorial considerations with displays, interpretation and collections.

#### Michael Edwards Studio Theatre

- The pre-Edinburgh comedy season in July and August 2016 featured 11 shows with 22 acts, and achieved an 88% sell-out across the season and the annual concert in the dry berth to celebrate the ship's anniversary sold out in two days; this saw Fisherman's Friends perform on 19 November to 300 people for the ship's 147th anniversary
- The Winter Season took place between January and March 2017 including two events celebrating Burns Night (after the success of 2016), a continued partnership with The Nest Collective to put on 'Shanty Sessions' and also with Time Out Silent Discos.

#### Curatorial and Collection Transfer

- Research is being done on the Cutty Sark's photograph collection provenance, in compliance with the Picture Library team, in order to lift the temporary copyright freeze on Cutty Sark images.

#### Collections Information

Collections Review – in 2016–17 transfers out from the collection included:

- Archaeological models transferred to the Mary Rose Trust, East Riding Museums Service and the Shipwreck Museum, Hastings
- A model of a clinker joint from the old Archaeology gallery was transferred to the Mary Rose Trust
- The transfer of two medieval side rudders and their associated archive from the Archaeology collection to Southwold Museum and Historical Society
- A combination of 28 boat models and Archaeological material were transferred to Hull and East Riding
- The transfer of 7 boat models and 80 parts of the Brigg raft and associated conservation samples to North Lincolnshire Museum Service.

#### Storage & Movement

- Decant preparatory work on re-housing the prints and drawings collection, re-housing of unframed oils on board and the rolling of folded textiles
- The movement and installation of over 400 works completed on schedule for the new Queens House display

#### Conservation and Preservation

*Public Programme (exhibitions, displays, loans, publications etc)*

- Clothworkers' Foundation 18 months internship in ship model conservation completed; literature list to be made available on website
- Fault finding and managing the Time Ball refurbishment contract; the Time Ball is now fully working again after substantial remedial work and the Camera Obscura mirror has been resilvered and the images are now razor sharp.
- Conservation has spent two days per week during April in the Pop-Up shop in Lewisham, promoting the new studios at Kidbrooke and engaging the passing visitors in conservation activities.

### *Collections Care (condition needs, IPM, environment, rehousing etc)*

- The Conservation Volunteer programme started. Over 40 applications and 30 accepted. Base training completed and group is settling in to their weekly routines
- Plans are being finalised to start the pilot rehousing of ship plans which will enable future planning of the collection at Brass Foundry.

## **Estates & Facilities Management**

### *Estate Wide*

- Details of Mechanical and Electrical Assets are being transferred to the new Agility system to facilitate better monitoring and reporting of Planned Prioritised Maintenance activity
- A draft design brief for the development of the Landscape Master Plan has been completed and a number of pre-engagement meetings have taken place with various preferred landscape design practices
- Application submitted for a range of estate activities at the Royal Observatory due to take place as budget allows. This includes a full refurbishment of the Altazimuth Building.

### *The Queen's House*

- As described elsewhere, the Queen's House reopened to the public on 11 October 2016 and this major refurbishment project was complete to acclaim
- The final large phase of M&E works took place in the basement after opening
- Performance of the fan coil units is being monitored by the BMS system, which allows them to be fine-tuned jointly by Estates and Conservation to ensure the best conditions possible for the collection object during changing seasons
- Completion of project documentation (Health and Safety file, Scheduled Ancient Monument report, Operations Manuals, etc.) is continuing.

## **Curatorial Expertise**

### *Research programme*

- In June 2016 the Museum held a *First World War at Sea* Conference with 60 expert speakers on a range of topics attracting 130 delegates. Professor NAM Rodger was the keynote speaker
- Also in June 2016 the Museum hosted *From Sea to Sky: the Evolution of Air Navigation from the Ocean and Beyond* a conference run jointly with the Royal Institute of Navigation.
- In July 2016 the Museum partnered the Museum of London Archaeology Service to operate a walk along the Thames Foreshore which included a session looking at maps of London and the Thames in the Museum's extensive cartography collection.

### *Research fellowships included*

- Spreading Canvas: Eighteenth-Century British Marine Painting exhibition at the Yale Centre for British Art, New Haven, CT. Eleanor Hughes, a former Caird Fellow, curated the exhibition.
- Staff Research Seminar – 'Beyond Slavery: the Royal Navy, legitimate trade and Imperial encounters on the West Coast of Africa, c.1820-1900' Julia Binter, Collaborative Doctoral Student NMM
- Revolution in Time: Newtonian physics and its influence on John Harrison's pendulum clocks', a joint conference with the Institute of Physics, linked to the re-display of Burgess Clock 'B' at the ROG, exploring the influences of Newtonian physics on the principles of John Harrison's pendulum clocks.

### *Maritime Lecture series:*

- 'Exhibiting the Antarctic: photography and colour in the visual narratives of early 1900s expeditions'.

- 'What is Maritime History and Culture' at the Institute of Historical Research/UCL. Discussion with Professor Alison Bashford, Professor Huw Bowen and Professor Stephen Conway
- 'Commonwealth and Migration to Virginia in the early 17th Century' with the Institute of Historical Research and UCL

*Queens House lecture series:*

- 'The Tudors and Greenwich Palace' Dr David Starkey
- 'An incomplete masterpiece? Inigo Jones and the Queen's House, 1616–41' Dr Gordon Higgott
- 'Palaces, performances, and progresses: Henrietta Maria and the presentation of queenship' – Professor James Knowles
- 'A palace, a hospital and a 'curious device': the Queen's House and the development of the Royal Hospital at Greenwich' – William Palin, The Greenwich Foundation
- 'Representing the Queen's House, Greenwich: Past, Present and Future' – Christine Riding, Royal Museums Greenwich

*Archive Service Accreditation*

- Work has begun to capture required information relating to the care, conservation and access of the archive collections. The scheme runs alongside museums accreditation and is administered by the National Archives. It covers archive services that are designated places of deposit for public records.
- The Research and Information Department successfully applied to the Arts Council for a funding of £50,000 from the Contemporary Collecting Fund for the forced migration and cartography project.

**AIM 3: EXTEND OUR REPUTATION**

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

**Search Marketing: Google Grant**

- Following our award of a \$500,000 USD annual Google Grant for search advertising, we have begun implementing the strategy and content plan. The early work has already delivered significant results – a 497 % increase in traffic from paid search in July and August compared to this time last year, from 9,464 visits to 56,591 visits, and a major monthly increase since the work began in May, from 25,085 visits in May and June to 56,591 visits in July and August.

**Travel Trade**

- A new Travel Trade guide was produced for 2016–17. A familiarisation trip for UK Group Travel Organisers will take place at RMG in September, and one for European tour operators will take place in November
- The increase in ticketing partnerships has supported an increase in tourists to *Cutty Sark*. In 2016–17 April to July, the London Pass partnership has equated to 18.6% of overall visitors for *Cutty Sark* and 11.7% for the Royal Observatory which is significant growth on last year.

**Summer Destination Campaign**

- This summer we trialled an integrated RMG summer destination campaign for the first time, targeting tourists, which promoted the multi-site offer.
- The focus of the '5 star Greenwich' campaign was on the Royal Observatory and Cutty Sark, using real quotations from Trip Advisor against epic imagery.

## **Marketing, Brand & Audiences**

- The brand strategy project has been delivered, looking at our offer, brand values, brand personalities, mission and vision. It is being successfully embedded to begin to shift perceptions and drive audiences
- New China strategy targeting FITs and Travel Trade - a specialist Chinese agency has been contracted to drive this market. The agency is auditing and improving our profile in China through online presence, helping develop the story for the Chinese market, and brokering relationships with Chinese Tour operators.

## **Web, Social Media and E-CRM**

- A major upgrade of the existing ticketing site was successfully delivered in September 2016, which was the first step in improving the ticketing site functionality and user experience. The completion rate has increased from 14% (pre Ticketing Site upgrade – Apr to Sept) to 17%. Technical scoping is now in train for the bigger development due in 2017 to develop a new ticketing site front-end which will improve the online ticket sales completion rate.

## **National Maritime Museum Cornwall**

- The National Maritime Museum Cornwall is an independent, registered charity which the National Maritime Museum does not control. Its website [www.nmmc.co.uk](http://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 2016.

## **Press and Media**

- Queen's House (including Richard Wright's artwork and the Armada Portrait): there was widespread national and local print and online coverage of the reopening including: *Guardian*, *Daily Telegraph*, *Mail on Sunday*, *The i*, *Evening Standard*, *Country Life*, *Country & Town house*, *The Lady*, arts and heritage press, BBC Radio London, and BBC Radio 4 Front Row
- Armada Portrait appeal: The news of the campaign's success and HLF award was announced at the end of July and was publicised by Radio 4 Today programme, on BBC Radio news bulletins, BBC News, *The Times*, *Guardian*, *Daily Telegraph*, *The i*, *New York Times*, and arts and heritage press
- The ROG and astronomy team continue to feature in the media: in May, the Press team worked with the Astronomy and Social Media teams on a public and press event for the Transit of Mercury. The event proved extremely popular with the media, with the ROG and astronomers appearing in over 200 media pieces, including: BBC's *The Sky at Night*, BBC2's *Horizon*, BBC Radio 4 and regional radio, Sky News, Channel 5 News, BBC Four and World News, London Live, *Guardian*, *Daily Telegraph*, *The Times*, *The i*, *Daily Mail*, *the Sun*, *Mirror*, *PA*, *Huffington Post*, *BuzzFeed*, *Wired* and newspapers across the country

- In July, the ROG and curator, Louise Devoy, featured in the BBC Four programme *Trainspotting Live* and the programme's promotional press
- Insight Astronomy Photographer of the Year 2016 : the winning images and exhibition gained UK and international coverage (articles, pictures, online picture galleries and exhibition listings) such as: *the Guardian*, *Daily Telegraph*, *BBC News Online*, *Daily Mail*, *Express*, *Mail on Sunday*, *Mashable*, *Buzzfeed*, *Huffington Post*, *Gizmodo*, *Wired*, *BBC Sky at Night*, *New Scientist*, *Astronomy Now*, *National Geographic*, *First News*, London/local press, specialist photography and science media, Sky News and BBC Breakfast
- *Emma Hamilton: Seduction and Celebrity*: The exhibition received an extraordinarily strong response from the media and received outstanding, positive coverage across a spread of key media including: two pieces in both the *Guardian* (news and review) and *The Times* (picture and two-page feature), *Mail on Sunday*, *Daily Telegraph*, *Sunday Mirror*, *BBC History magazine*, arts/heritage media, London/local media, and international media (China, Russia, Greece, Spain). It has featured in 'Exhibition of the Week' and 'Critics Choice' sections of key national media and has received exceptional reviews from the *Guardian* (5 stars), *Time Out* (4 stars) and Radio 4's Saturday Review. Continued positive coverage across a spread of key media including features for women's history month and Valentine's Day. Media included the *Guardian*, *Evening Standard*, *Time Out*, *the Londonist* and an interview with Sarah Wood featured on BBC1's London News.

### **Broadcast**

- BBC2's 'Mastermind' – a segment about the Queen's House featured in the final which was broadcast in March 2017
- The Queen's House - featured for the final of BBC1's 'The Big Painting Challenge' broadcast on 19 March on BBC1 to over 5 million viewers. The Queen's House also featured in the final of BBC2's 'Mastermind' on 3 and 4 March to 5m viewers. Other cover has included: BBC Radio 4's 'The Long View', and an article about the Richard Wright ceiling artwork in *Art Quarterly*.

### **Stakeholder recognition through awards in 2016–17:**

- Marek Kukula, our Public Astronomer – Royal Astronomy Society's Annie Maunder Medal for Outreach (the first recipient of this new award)
- Museums & Heritage Awards – shortlisted: Restoration and Conservation for the Conservation of the King's Presence Chamber
- Museums & Heritage Awards – shortlisted: Temporary or Touring Exhibition – Pepys
- China Tourism Welcome award from COTRI (China Outbound Tourism Research Institute) – Silver in the Customer Service category.

## **AIM 4: STRENGTHEN OUR ORGANISATION**

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

#### **Human Resources and Volunteers**

- In April a new Research and Curatorial Department was formed bringing together the Curatorial Department and the Library and Archive Team.
- Staff Forum established and meets with the Executive and the Senior Management Team
- Appraisal training roll-out resulted in 98% completion rate
- Joined Greenwich & Bexley Credit Union to offer SAYE scheme to staff
- Implementation of National Living Wage for affected staff
- Successful pilot of 'Your Future in Place' work experience week- long placements
- Recruitment of 25 new conservation volunteers with new selection methods and innovative roles demonstrating conservation in action to the public

## **Trading Activity**

- The refitted Meridian Shop opened on 25 March 2017 and since its reopening the spend per head has increased by a pleasing 9%
- The single shop at the maritime galleries has been split out into two which are adjacent the two entrance/exit points - initial results are very positive.
- Opened a pop up shop in the Queen's House and a specific Queens House range will be ready in June 2017, which is expected to improve retail expenditure significantly.

## **Publishing**

*Navigational Instruments* (Shire Books) and *Lift-the-Flap Questions and Answers About Time* (Usborne) have published. The *Shetland Boat: South Mainland and Fair Isle* (Maritime Monograph series) has been reprinted by Shetland Heritage Publications in association with RMG to mark the first Shetland Boat Week

- *Astronomy Photographer of the Year Collection 5, Stargazing, and Emma Hamilton* all published. *Guide to the Night Sky 2017* also published, sales of which have grown year on year
- Secured a contract for an English-Mandarin book, *Reflection of Sails*, with the Institute of Chinese Ships in Shanghai, China, based on photographs of Chinese junks in the Waters Collection.

## **Picture Library and Photo Studio**

- Scanned 126 ship plans for the Ministry of Defence
- 90 previously unseen 1920's astronomical negatives digitized
- 75 ship plans and 90 historic photographs digitized for Wargaming – a leading game developer.

## **Events & Filming**

- Learning & Interpretation & collaborative events delivered another hugely popular Time Out silent disco as well as hosting a performance of "The House" for Greenwich & Docklands International Festival which was a specially commissioned spectacle marking the 400th anniversary of The Queen's House
- Lloyd's List Global Maritime Awards for the second year in a row welcomed 550 guests - the event was a great success and the client has been in touch to host this event at the Museum again next year

## **Travel Trade**

- We have undertaken a significant amount of activity to promote China and as a result Chinese visitors now represents 6% and 5% of ROG and Queen's House visitors respectively compared to 2% last year.
- A successful event was held in March to launch the Queen's House to the trade. Group guided tours was launched from May 2017 across the RMG sites.

## **Development**

### *The Endeavour Project*

We have had a very successful year of fundraising for the Endeavour project. Sponsorship for the various strands of the Endeavour project has been very generously made by a wide range of supporters – from individual philanthropists, to trusts and foundations, and access to the proceeds from the LIBOR banking fines. The Trustees are very grateful for this wide recognition of a project which will make a huge difference to the way the Museum works and to its public. A full list of individuals and organisations can be found on page 34.

### *Queen's House*

- The inaugural Patrons and Members Annual Appeal raised £30k against a target of £25k for the restoration of the Tulip Stairs – which now look magnificent

- The Queen's House grand gala dinner on 18 October for 100 guests generated very positive initial donations for the Endeavour project and has introduced many potential supporters to Inigo Jones's architectural masterpiece.

### **Patrons**

- Renewals remain at an excellent rate with a number of individuals giving over and above the specified annual donation
- The Patrons Annual Tour took place in May 2016. The group visited Venice and the Palladian villas of the Veneto. The trip was designed to deepen the Patrons knowledge of the origins of the Queen's House and to launch the successful Patrons' Appeal for the restoration of the Tulip Stairs.

### **Membership**

- Membership numbers continue to rise and we finished the year with income increase of 17% over the previous year. In addition new Members are now predominantly families
- We are hoping to move to paperless direct debit which should have a positive impact on renewals going forward and help to ensure the continued upward trend of members.

### **Finance, IT and Special Projects**

- The 2015–16 Audit of the Museum by the National Audit Office was completed with no issues arising and the annual report and accounts laid in Parliament before the summer recess. The Department for Culture Media and Sport consolidation pack was also completed with positive feedback on standard of data submitted with minimal support required from the DCMS finance team
- Implementation of semi-automated process of calculation of monthly accruals across the organisation and upload to accounting system – significant reduction of manual input for both end user and Finance and increase in accuracy
- Version 6 of PSF, the Museum's finance system, tested and implemented; Activity Centre Reports, which used to be emailed to budget-holders, have been replaced by real time 'self – service' reporting, which allows users to drill down from top level costs, down through individual transactions
- Technical implementation for a new eCommerce platform for the Picture Library to significantly reduce the need for manual order processing
- Completed network and Wi-Fi implementation for the Queen's House as part of the refurbishment programme.

### **Management Agreement Performance Indicators at Year end 2016–17**

<b>Management Agreement Performance Indicator</b>	<b>2015–16</b>	<b>2016–17</b>
Number of visits to the Museum	2,403,177	2,440,681
Total amount of charitable giving*	£3,425,390	£10,981,926
Ratio of charitable giving to grant-in-aid	22%	69%
Number of unique website visits	4,361,634	4,302,629
Visits by children under 16	538,349	537,022
Number of overseas visits	786,314	764,073
Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education	163,833	168,784

Number of instances of visitors under 18 participating in on site organised activities	111,584	123,511
% of visitors who would recommend a visit	98%	99%
Admissions income (net of donation element and VAT)	£5,150,512	£5,706,775
Trading income (net profit)	£927,660	£1,525,786
Number of UK loan venues	66	59
Number of objects conserved	1,611	1,688
No. of peer-reviewed publications	33	20
Number of research projects undertaken/ongoing	15	14
% area of stores and galleries that are sustainably BS5454 compliant (from 2016–17 inc. Cutty Sark)	63% summer 65% winter	61% summer 53% winter

\* as per DCMS guidance: Definition is any money or gift received from an individual, charity or private company in one of the following forms: bequests, legacies, donations and capital grants from individuals, charities, foundations, trusts and private companies; income raised through sponsorship and income from membership schemes. It does not include any money received from a publicly funded organisation, central government grants, investment income or lottery grant funding. In 2016–17 Heritage Lottery Fund support (not included in the above charitable giving figure) amounted to: £12,272,079.

#### Efficiency tables

Key Data	2012–13	2013–14	2014–15	2015–16	2016–17
Total Grant-in-Aid (GiA) <sup>1</sup>	£16.6m	£16.4m	£16.6m	£15.3m	£15.8m
All other incoming resources	£11.4m	£12.4m	£12.0m	£13.5m	£106.3m <sup>2</sup>
FTE employees	479	491	498	476	500 <sup>3</sup>
Visits	1.943m	2.488m	2.343m	2.403m	2.441m
Website visits	4.370m	4.733m	4.451m	4.362m	4.303m

#### Efficiency Ratios

Total Users <sup>4</sup>	6.322m	7.232m	6.802m	6.770m	6.748m
Total Users per FTE	13,190	14,338	13,659	14,193	13,496
Total GiA £ per User	£2.63	£2.26	£2.44	£2.26	£2.34
Revenue GiA £ per User	£2.37	£2.03	£2.10	£2.00	£2.01
Total GiA £ per Visit	£8.55	£6.58	£7.08	£6.37	£6.47
Revenue GiA £ per Visit	£7.71	£5.90	£6.11	£5.65	£5.56

<sup>1</sup> the Grant-in-Aid figures exclude the restricted funds for the National Historic Ships Unit (£215k in 2016–17)

<sup>2</sup> of which heritage assets comprise £74m

<sup>3</sup> increase in staff numbers this year mainly due to the Endeavour project

<sup>4</sup> 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 with and expanded on this since.

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

### **Summary of Performance**

The Museum has a working group, the Sustainable Development Group, dedicated to researching, promoting and reporting on a wide range of sustainability issues. The greatest contribution the Museum can make towards sustainability within the environment is in energy efficiency and we have been working in this area to improve performance since 1995. We have also raised public awareness via our exhibitions, displays and programmes which have covered environmental matters such as the ‘Your Ocean’ gallery which specifically covered 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.

The Queen’s House Project completed in October 2016 included 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. The entire House was re-glazed to provide improved thermal properties and where possible flooring was salvaged and re-laid elsewhere in the House.

In the new Endeavour galleries we have specified that all fit out materials must be from sustainable sources and that lighting must be LED. As regards base build, the design seeks to reduce energy use as far as reasonably practicable despite introducing air conditioning to achieve the requisite environmental conditions for the collection items. This is achieved via new roof insulation, new thermal wall linings, window blocking on the second floor galleries and through efficient choices of air handling units, chillers and plant as well as the

installation of a controls system to enable better systems management. Despite these considerable new services, the Museum is linking in with its existing Mechanical and Electrical provision and re-using core service routes. This ensures that the new Exploration Wing is integrated with the rest of the Museum's estate as well as being more sustainable financially and practically.

The ROG shop refurbishment recycled all the old shop units as far as practicable and the new stone and wood for the stairs were sourced within the UK to reduce transport costs and benefit the environment.

Area		2015-16 Actual	2016-17 Performance	
			Actual	Target
Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel)		2,994 tonnes of CO2 equivalent	3,286 tonnes of CO2 equivalent	<2,500 tonnes of CO2 equivalent
Estate Energy	Consumption	9.6 million kWh	8.2 million kWh	<9.3 million kWh
	Expenditure	£596,000	£624,000	£607,000
Estate Waste	Consumption	296 tonnes	286 tonnes	<280 tonnes
	Expenditure	£43,619	£36,000	£40,000
Estate Water	Consumption	10,045 m3	15,700 m3	<17,000m3
	Expenditure	£64,500*	£58,000	£56,000

Note: Scope 3 Business Travel includes domestic flights only. Figures for other forms of travel are unavailable.  
\*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 greatly increased the Museum's footprint to which 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. Our Sustainable Development Group will continue, having been recently refreshed, to enable staff to contribute ideas and have a voice in future decisions.

At Kidbrooke, grant funding has been awarded to implement a landscaping scheme, improve the biodiversity of the site landscape and to provide car and cycle parking and Disability Discrimination Act (DDA) compliant access to the new Prince Philip Maritime Collections Centre. The scheme comprises soft landscaping which will add interest and colour to the site and provide green screening from the A2 road as well as providing pleasant surroundings for local residents, visitors, volunteers and staff. There is an adjacent newt reserve which is rare in that it is home to all three species of indigenous newt. The Museum maintained a newt run to this habitat and introduced newt mitigation measures required in planning. Special provision of a habitat for the Great Crested Newt, an endangered species in particular, is included in this scheme. Hard landscaping includes a BREEAM (the Building Research Establishment Environmental Assessment Method) compliant covered cycle park, tarmacked car park and access road providing level access to the loading bay, and paved pathways for visitor access to the new site. The scheme will be implemented in autumn 2017 in time for the opening.

## **Greenhouse Gas Emissions**

Between 1999 and 2009 the Museum reduced its carbon footprint from 3842 tonnes CO<sub>2</sub> to 3072 tonnes CO<sub>2</sub>. Since the opening of the new Sammy Ofer Wing our carbon footprint increased to 3422 tonnes CO<sub>2</sub>. In recent years the Museum Estate's carbon footprint decreased assisted by abnormally mild winters but more recently has increased significantly due to the addition of the *Cutty Sark* footprint and extensive building works across the site.

## **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. This has increased during the Endeavour Project temporarily. In addition to this year's consumption, 20 tonnes of hazardous waste comprising asbestos removal cost £329,000. 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. 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 Park Row Wing improvements recently completed. Programmes of energy efficiency are in place including the progressive upgrading of lighting systems.

## **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 more frequent, 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.

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. 2016–17 saw a reduction in grey water usage due to the building works to 9,423 m<sup>3</sup> per annum (down from 11,000 m<sup>3</sup> in 2015–16). 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.

### **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 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 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 to complete early 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 architects for the Kidbrooke store element of the Endeavour Project were selected in part on their demonstrable sustainable development experience and credentials and an 'excellent' BREEAM rating is our aim. Contributing towards this rating are an attenuation tank for water, UV blinds on the windows to reduce 90% transmission, 'level 2' airtightness of the building, utilisation of the same furniture, security systems, fire systems and IT organisation wide to achieve an economy of scale and ease of maintenance and transfer, the thermal performance of the building lessens M&E environmental conditioning costs and the re-use of much of the conservation and photography equipment and fixtures. 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 was 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 use of tablets for Trustee and Executive meetings rather than paper, 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. Vacancy Filler, an electronic recruitment system has been installed in HR, vastly reducing the generation of paperwork and consumption of paper.

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

The Museum does not have an Environmental policy (such as BS 14001), although it does 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 second paragraph of this Sustainability Report.

## 5. FUTURE PRIORITIES

The 2014 to 2018 Corporate Plan "Stimulating Curiosity" was approved by the Board of Trustees in September 2014. The Plan was revisited in summer 2016 and revalidated or amended in light of the context at that time and the Trustees' strategic direction. The following revised Mission, Aims and Strategies were approved by Trustees at their strategy meeting of 22 September 2016. The 2017-18 year will see the genesis of a new corporate plan which will take the Museum's thinking and activity from 2018 to 2022 and beyond.

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

**enrich people's understanding of the sea, the exploration of space, and Britain's role in world history.**

### 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. Deliver an excellent visitor experience by understanding the needs and motivations of our current and potential audiences.
3. Build relationships, drive repeat visits and the propensity to recommend.

Outcome: *More people are inspired to explore our themes and form lasting relationships with Royal Museums Greenwich.*

#### **Aim 2: Value our heritage**

Care for and develop our unique collection and 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. Collaborate with communities and develop and share knowledge of our collections and subjects, demonstrating how our themes relate to contemporary society

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

#### **Aim 3: Extend our reputation**

Maximise reach and impact to 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 organisation**

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 and the developments planned for the immediate years ahead.

Underpinning much of the work over the years ahead is the Endeavour project which at year end 2016–17 is on programme and budget and will occupy us until 2018.

**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 in "The Exploration Wing" 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.

Sir Ranulph Fiennes has said "The [new galleries] will tell some of the most exciting stories on earth. Our greatest explorers, such as Cook, Shackleton, Scott and others, achieved incredible feats of exploration in the most challenging conditions. The Museum's collections and its skill in presenting the stories they tell are outstanding. I know the new galleries will inspire all those who visit"

Full Business Case approval for the galleries has been received from DCMS and a successful Stage 2 pass from HLF. The base-build works of this element are progressing well and we are expecting a handover to the exhibitions fit-out contractor in October 2017 with the opening of the four new galleries *Polar Worlds; Tudor and Stuart Seafarers; Sea Things, and Pacific Encounters* in September 2018.

Meanwhile a huge amount of very successful work is going in to our Activity Plan which enables us to engage actively with communities incorporating views from a range of visitors including traditionally underserved communities and further reach out to local audiences.

The activities for the Endeavour project will be delivered through four headline strands:

1. *Removing barriers to make our museum more accessible* - Working with our community to shape their own museum experience.

2. *Creating Community ownership* – Becoming useful to our community and supporting the work local community groups do at the museum

3. *Revealing invisible histories* - Opportunities for engagement and participation in interpretation development and collaborative research.

4. *Collaborating to create a social and inspiring place* – Empowering people to lead on their learning through co-developed, co-designed and co-delivered programmes and events.

A number of local and national partnerships will be established as part of this programme engaging organisations on a strategic long-term basis and working across audiences and sectors to ensure organisational change is sustainable. This will enable the Museum to adapt to audiences needs on an ongoing basis and shape the way we collaborate with audiences in a flexible and robust way. This element of the Endeavour project will see the ebb and flow process of collaboration, action and reflection throughout.

## **2. Endeavour Collections & Conservation Centre**

This element of the 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.

Construction work on site commenced in summer 2016 and is on programme and budget to complete at the end of July 2017. Conservation and collections management staff will move in shortly thereafter and collections moves will follow after off-gassing has been monitored and reached acceptable levels. Operational planning meetings are underway alongside discussions of the approach for the new Learning Centre.

## **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 for the *Polar Worlds* gallery and *Tudor and Stuart Seafarers*.

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. The ground floor main space was then completed and re-occupied on 14 August 2016 and the final account for the works agreed.

Over the next year further staff moves into new accommodation at Kidbrooke (see 2. above) will take place to complete this element of the Endeavour project.

## **4. Endeavour Royal Observatory Improvements**

This element of the project is to 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.

The new entrance and shop opened on 24th March 2017 and makes a very positive difference to our visitor welcome. The three arches entrance has been redecorated, new lighting installed, power and data provisioned for future use as an admissions point and had new draft doors installed to improve the physical environment for both staff and visitors. The shop has been given greater visibility through the installation of a glass sliding door. The staircase to the Time & Society gallery has been replaced with a structure more in keeping

with the historic architecture and has been moved to the south wall, improving the overall floor space and visitor access.

These improvements are a precursor to the larger vision being planned for the 350<sup>th</sup> anniversary of the founding of the Royal Observatory which will take place in 2025.

The forthcoming major exhibition for 2017–18 is ***Death in the Ice: the shocking story of Franklin's final expedition*** (14 July 2017 to 7 January 2018)

This will be a major new exhibition exploring the unsolved mystery of Sir John Franklin's fatal last journey into the Arctic. With new forensic research and the superlative collections of both the National Maritime Museum and the Canadian Museum of History, *Death in the Ice* will begin to answer questions about what exactly happened to those men on their fateful journey to the Arctic in 1845.

In 2014, the wreck of HMS *Erebus* was discovered off the coast of Canada, followed by the discovery of HMS *Terror* in 2016. These are two of the most important archaeological finds in recent history.

*Death in the Ice* is a major international touring exhibition featuring the recently recovered artefacts - including personal items, clothing and components of the ships - and the National Maritime Museum is its world's premiere. This will be the first time these extraordinary finds will be displayed for the public in Britain.

The exhibition will also bring to the foreground the significant role played by Inuit oral testimonies in discovering the fate of the Franklin expedition and the location of the lost ship *Terror*.

*Death in the Ice* has been developed by the Canadian Museum of History, in partnership with Parks Canada and with the National Maritime Museum, and in collaboration with the Government of Nunavut and the Inuit Heritage Trust.

## **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 and pension arrangements. We successfully introduced pension auto-enrolment on our staging date on 1 November 2013 and completed our re-enrolment exercise three years following implementation on 1 November 2016.

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 (with the addition from this year of online cognitive behavioural therapy) 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 just under 400 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, 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. 13% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME) (9% in 2015–16). The Museum holds the Employment Service's Disability Symbol. In 2016–17, 5% of staff employed by the Museum considered themselves to have a disability (6% in 2015–16).

The percentage of female staff is 58% (55% in 2015–16) and the percentage of female Executive Board members is 33% (17% in 2015–16). 87% of staff have declared a religious belief and 7% of staff are declared lesbian, gay, bisexual or transgender (LGBT) (5% in 2015–16).

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 5% are aged over 65 (5% in 2015–16). 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, overall budgeting constraints have resulted in the reduction of the training and development budget from both 2014-15 to 2016–17. However, it is still maintained at around 1% of the total paybill 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 2017, in 2016–17 the average number of days lost per employee through short term sick absence was 5.16 days (4.25 in 2015–16) whilst the average number of days lost per employee through long term (over 28 days) sick absence was 3.34 days (3.59 in 2015–16). The average number of days lost per employee through total sickness (long and short term combined) was 8.5 days (7.85 in 2015–16).

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.

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 run by 1.5 employed staff. The increase in numbers of volunteers and in volunteer hours has been remarkable since these appointments. Record numbers of volunteers peaked at more than 500 during the year 2013-14 due to an e-volunteer crew list project and decreased thereafter at project's end but rising again due to another e-project to 392 at year end (282 in 2015–16); in all, volunteers gave 41,735 hours in 2016–17 (33,254 hours in 2015–16) at a value estimated in the region of more than £417,000 (an increase of £87,000 from 2015–16).

### **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. This approach was refreshed during 2016–17.

*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 and also to brief volunteers 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 for noticeboards.

*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 is *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 and for the most part implemented during 2016–17 with the remainder carrying forward to 2017-18.

*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 NEBOSH-qualified Departmental Head and an experienced NEBOSH-qualified Health & Safety Advisor. 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 and STAFF 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 Executives 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: Joyce Bridges, Chair of the Committee; Gerald Russell, and Admiral Sir Mark Stanhope.

Ex officio Officer: Dr Kevin Fewster, AM, FRSA (Director)  
Secretary: Anne Patterson, Chartered MCIPD (Head of HR)  
External Advisers: Brian McEvoy and Alan Hurst

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, whilst urging pay restraint.

## 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	2016-17 all figures £k				2015-16 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	120-125	20-25	-	145-150	110-115	20-25	-	135-140
Dr Margarette Lincoln, Deputy Director (until 30 April 2015)	-	-	-	-	45-50 (80-85 FTE)	-	2	45-50
Andy Bodle, Director Operations and Human Resources	75-80	15-20	25	120-125	75-80	15-20	32	120-125
Mike Sarna, Director, Collections and Public Engagement	70-75	15-20	-	90-95	70-75	15-20	-	85-90
Anupam Ganguli, Director Finance & IT	90-95	20-25	-	110-115	90-95	20-25	-	110-115
Kate Seeckts, Director, Development	75-80	15-20	-	95-100	75-80	15-20	-	90-95

Richard Wilkinson, Director, Enterprises (until 18 October 2016)	65-70 (85-90 FTE)	5-10	-	70-75	85-90	15-20	-	100-105
Eleanor Harris, Director, Enterprises & Visitor Experience (from 4 January 2017)	15-20 (75-80 FTE)	0-5	-	20-25	-	-	-	-

\* 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.

For 2016–17 total payments to Key Management Personnel as at Period 12 amounted to £727,480 (£732,568 in 2015–16) including bonuses and other payments.

#### 2016–17

Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 147.5

Median Total Remuneration 19

Remuneration Ratio 1:7.9

#### 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

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 2016–17 was £147,500 (2015–16, £137,500). This was 7.9 times (2015–16, 7.2 times) the median remuneration of the workforce, which was £18,795 (2015–16, £19,105).

In 2016–17, nil (2015–16, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £148,000 (2015–16, £0 to £136,000).

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 participates in two pension schemes; a group personal pension scheme and the Civil Service Pension Scheme full details of which are given in note 8 to the accounts.

All directors are members of the group personal pension scheme other than Andy Bodle who is a member of the Civil Service Pension Scheme.

	Accrued pension at pension age as at 31/3/17	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV funded by employer	Employer contribution to group personal pension
	£'000	£'000	£'000	£'000	£'000	Nearest £1,000
Dr Kevin Fewster	-	-	-	-	-	12
Andy Bodle	35-40 plus lump sum of 110-115	0-2.5 plus a lump sum of 2.5-5	812	756	23	-
Mike Sarna	-	-	-	-	-	7
Anupam Ganguli	-	-	-	-	-	9
Kate Seeckts	-	-	-	-	-	8
Richard Wilkinson	-	-	-	-	-	5
Eleanor Harris	-	-	-	-	-	2

### 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 2016/17	Total number of exit packages for 2015/16
0 - 24,999	9	-	9	4
25,000 - 49,999	-	-	-	2
50,000 - 99,999	-	-	-	1
Total	9	-	9	7

Total resource cost (£)	57,651	-	57,651	156,492
-------------------------	--------	---	--------	---------

There were nil departures under the terms of the Civil Service Compensation Scheme in 2016–17. Nine members of staff received a statutory redundancy payment each of which was below £11,000 and which in total amounted to £57,651.

Gerald Russell  
Trustee and Chair of the Audit Committee

Kevin Fewster  
Director and Accounting Officer  
20 June 2017

## 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](http://www.rmg.co.uk)

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

During 2016–17 the Board of Trustees comprised:

Sir Charles Dunstone, CVO, Chairman

and in order of first appointment:

Sir Robert Crawford, CBE (to 14 September 2016)

Linda Hutchinson (to 14 September 2016)

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

Aminul Hoque, MBE (from 5 September 2016)

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

### The Executive

During 2016–17 members of the Executive were:

Dr Kevin Fewster, AM Director and Accounting Officer

Andy Bodle Director, Operations and Human Resources

Anupam Ganguli	Director, Finance and IT
Eleanor Harris	Director, Visitor Experience and Enterprises (from 4.01. 2017)
Mike Sarna	Director, Collections and Public Engagement
Kate Seeckts	Director, Development
Richard Wilkinson	Director, Enterprises (to 18.10.2016)

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 organisations:***

**External Auditors of National Maritime Museum**

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

**External Auditor of National Maritime Museum Enterprises Ltd**

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

**Internal Auditors**

Moore Stephens LLP  
150 Aldersgate Street  
London, EC1A 4AB

**Bankers**

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

**HSBC**

275 Greenwich High Road  
Greenwich  
London, SE10 8NF

**Legal advisers**

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 2016–17**

### **Government**

The Department for Culture Media and Sport  
The Heritage Lottery Fund

### **Major Supporters**

Arts Council England  
The Art Fund  
Association of Science Discovery Centres  
BAE Systems  
Boeing United Kingdom Limited  
Charles Dunstone Charitable Trust  
The Clothworkers' Foundation  
The Fidelity UK Foundation  
The Foyle Foundation  
Garfield Weston Foundation  
The Headley Trust  
HSBC  
Insight Investment  
Kristian Gerhard Jebsen Foundation  
The Linbury Trust  
Lloyd's Register Foundation  
Clive Richards, OBE, DL and Sylvia Richards  
The Sackler Foundation  
The Corporation of Trinity House  
The Wolfson Foundation  
and other supporters who wish to remain anonymous

### **The Armada Portrait**

The Aldama Foundation  
The Art Fund  
The John S Cohen Foundation  
Drapers' Company Charitable Fund  
Garfield Weston Foundation  
J Paul Getty Jnr Charitable Trust  
The Headley Trust  
The Heritage Lottery Fund  
The Leche Trust  
The Linbury Trust  
The Mercers' Charitable Foundation  
The Ruddock Foundation for the Arts  
and a special thanks to over 8000 generous supporters from 19 countries.

### **Endeavour Project**

American Friends of Royal Museums Greenwich  
Baltic Charitable Fund  
British Antarctic Territories  
Charles Dunstone Charitable Trust  
Charles Skey Charitable Trust  
DCMS Wolfson Museums and Galleries Improvement Fund  
Department for Culture Media and Sport  
Dr Lee MacCormick Edwards Charitable Foundation  
The Fidelity UK Foundation  
John Armitage Charitable Trust  
Kristian Gerhard Jebsen Foundation

LIBOR Fund  
Mark Pigott, KBE, KstJ, FRSA  
The Foyle Foundation  
The Heritage Lottery Fund  
The Marilyn Peterson Trust  
The Wolfson Foundation  
Transglobe Trust  
United Kingdom Antarctic Heritage Trust  
and other supporters who wish to remain anonymous

### **Queen's House**

The Art Fund  
Michael Kovacs  
The Eyal and Marilyn Ofer Foundation  
Urban Space Management  
Lord Thompson  
The Hartnett Conservation Trust  
The Swire Charitable Trust  
and the Patrons and Members' Annual Appeal

### **Trusts and Foundations**

The John S Cohen Foundation; The Lois Cumbers Charitable Foundation; The Ellis Campbell Foundation; Joseph Strong Frazer Trust; Inchcape Foundation; The Nelson Society; The Worshipful Company of Shipwrights; and other supporters who wish to remain anonymous.

### **Bequests**

Marilyn L Peterson  
Keith Donald McBride

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

Carl Berry; C. Richard Carlson; Gary Glynn; Jason Pilalas; James Sherwood; David Wells; Lawson Willard.

### **Sponsors**

BAE Systems  
Boeing United Kingdom Limited  
HSBC  
Insight Investment

### **Corporate Members**

The Baltic Exchange; BMT Group Ltd; Chestertons; DP World; Howe Robinson Partners; ING Bank UK; Hutchison Westports Ltd; Liberty Speciality Markets; Lloyd's Register Foundation; Meantime Brewing Co Ltd; Novotel Greenwich; Pusser's Rum.

### **Corporate Loan Holders**

Rathbones Brothers plc  
Simpson, Spence and Young Ltd

### **Life Patrons**

Michael Brown; Rear Admiral Sir Jeremy de Halpert, KCVO, CB; Gregory Edwards, William Falconer; Charles Hoare Nairne; Anthony Inder Rieden; Alan Marsh; John Martin; Jamie Matheson; Dr Ravi Mehrotra, CBE; Professor Vaughan Pomeroy; John Redman; Clive Richards, OBE, DL; Ian Ridpath; Paddy Rodgers and Harriet Drake; Dick van Meurs.

**Patrons**

Izabella Andersson; John Asprey; Sir Franklin Berman, KCMG; Dr Anthony Butler; Peter Christmas; Andrew Crisford; Simon Davidson; James Day, Klaus Diederichs; Anthony Dove; Robert Elliott; Richard Everitt; Dr Kevin Fewster, AM; Nicholas Fisher; Lieutenant Commander Paul Fletcher (Rtd); Michael Gibson; David Hartnett; Richard Hunting, CBE; Lord Robert Iliffe; Denise Larnder; Commander Peter Linstead-Smith, OBE, RN; John Manser, CBE; Pamela Marsh; Jane Mennie; Robert Moore II; Lord Mountevans, RNR and Lady Mountevans; Alan Parker, CBE; Jeremy Penn; W. Scott Perry; Spyros Polemis; Merrick Rayner; Eric Shawyer, CBE; Sir Alan Rudge, CBE; Chrissy Shipley; Rear Admiral David Snelson, CB; Nigel Squibb; John Tucker; David Ure; Dr Anthony Watson, CBE; Andrew Webley.

**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; Sir Robert Crawford, CBE; Professor Martin Daunton, FBA; Dr Stephen Deuchar, CBE; 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.

**Donors to the Collection**

Mavis Anderson; British Antarctic Survey; John Buckle; John Bundy; Camper & Nicholsons Ltd; Martyn Downer; Felix Driver; Zinab Dudley; Graham and Mike Fearnley; Iain Flett; David Hobbs; Dan Holdsworth; John James; Jane Kelsall; Lucy Masters; Peter Matthews; Emerita Isabel McBryde; Ministry of Defence; Michael Morrice; Barbara Noel; Carol Smith; Bridget Somekh; Andrew Trollope; Jennifer Willmott.

**Bequests to the Collection**

Hugh Norman Bellamy Will Trust

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 FRS102), Accounting and Reporting by Charities and the Government Financial Reporting Manual.

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

### **Consolidated Accounts**

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

### **Financial policy**

During the period covered by these accounts the National Maritime Museum was funded primarily by Grant in Aid from the Department for Culture, Media and Sport (DCMS). Of the £16m received in the year, £215k was ring-fenced for National Historic Ships UK.

This year's performance included the first full year results of the *Cutty Sark*, which was transferred to the Museum on 1 August 2015.

In accordance with Financial Reporting Standard 102 grants and donations receivable are recognised when receipt is probable, values can be measured reliably, and there are no conditions attaching to its receipt that limit its recognition.

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**

Total Income and Endowments increased by £93.9m to £123m due to the donations of:-

- Heritage assets with a value of £73.5m from the Ministry of Defence
- £20.3m for the acquisition of the *Armada* portrait and capital works as part of the *Endeavour* project

Grant in Aid increased by £500k as DCMS awarded the Museum an additional amount of £1.4m, receivable over 4 years, towards the construction of the four *Endeavour* galleries.

The museum enjoyed great critical success with its temporary exhibition programme which included '*Above & Beyond*' and '*Emma Hamilton: Seduction & Celebrity*'. Total admission income, which also included the Royal Observatory, the Peter Harrison Planetarium and *Cutty Sark*, was £5.7m, an increase of £556k, with most of the increase being generated from the Royal Observatory and the success of the Museum's initiative to increase overseas and other groups.

The Membership scheme produced another strong performance, generating £342k, an increase of £76k. Investment income continued to be depressed due to challenging market conditions and lower balances held on deposit which, together with reduced returns, resulted in income of £103k, a reduction of £21k compared to last year. Additionally there are net gains of £780k, of which £732k are unrealised.

Expenditure in the year was £31.2m (2015-16: £31.0m). Trading and other costs increased by £869k partly because there were no recharges to Cutty Sark Enterprises Limited (2015-16 reflected 4 months' worth) and due to other cost increases in the subsidiary to support revenue growth.

### **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 £1.5m was an increase of £598k due to increased revenues from the retail outlets and venue hire activities – augmented by the inclusion of *Cutty Sark* for a full year. Sponsorship income increased by £405k to £650k.

At the end of the year the net trading profit was transferred to the Museum by way of a donation through the gift aid scheme.

### **Balance Sheet**

#### **Reserves Policy**

Annually the Trustees review and approve the level of readily available (ie free) reserves to ensure that it is appropriate to the scale, complexity and risk profile of the Museum. This review takes into account the fact that this year over 50% of the Museum's incoming revenue 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 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 2017**

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	98.5
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 <sup>st</sup> March 2015	57.2
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	16.8
Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid	100.5

Restricted or Designated funds for a specific project or purpose in the future	4.9
Funds set aside for the future preservation of the <i>Cutty Sark</i>	0.9
Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions	2.5
	<b><u>281.3</u></b>

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**

Investment income decreased due to a reduction of funds held on short term deposit as the museum withdrew monies to fund its building programme as part of the *Endeavour* project. Equity investments increased in value by £498k.

The Museum also holds £3.4m 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 full 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 £4.7m. Note 10 gives full details of the Museum's Tangible Fixed Assets which stand at £171m at year end.

### **Heritage Assets**

During the year the Museum purchased Heritage Assets with a value of £9.5m which comprised the *Armada* portrait and 4 other items of low value and received donations of £73.5m which were assets transferred from the Ministry of Defence. Details of notable acquisitions are given on page 8.

### **External Audit**

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2016-17 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Total audit fees for the group were £49k, comprising £39k for the consolidated accounts (incorporating the three Trust Funds) audited by the National Audit Office and £10k for NMME audited by haysmacintyre.

**Payment of Creditors**

The Museum pays 79% (2015-16: 69%) 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 2015, 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 2017/18 only and this will also remain at the current level but with additional funds of £1.4m over the four years for *Endeavour*.

The Executive Board continues to take the appropriate actions to control costs and seek other sources of income to ensure that any potential 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.

Gerald Russell  
Trustee and Chair of Audit Committee

Kevin Fewster  
Director and Accounting Officer  
20 June 2017

## **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* published by HM 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.

Gerald Russell  
Trustee and Chair of the Audit Committee

Kevin Fewster  
Director and Accounting Officer  
20 June 2017

\* 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, updated in February 2017, 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 on page 48 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 2016–17

As a non-executive board, the Trustees are collectively responsible for the management and control of the Museum. In 2016–17, 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	Audit	Others*
Chairman						
Sir Charles Dunstone	1st	21.11.2013	20.11.2017	5/5		
Trustees in order of first appointment						
Linda Hutchinson	2nd	15.09.2008	14.09.2016	1/1		2/2
Sir Robert Crawford	2nd	15.09.2008	14.09.2016	1/1	1/1	2/2
Eleanor Boddington	2nd	08.04.2010	07.04.2018	2/5	3/3	2/2
Professor Chris Lintott	2nd	24.06.2010	23.06.2018	5/5		1/2
Joyce Bridges	1st	12.09.2013	11.09.2017	5/5	3/3	2/2
Carol Marlow	1st	12.09.2013	11.09.2017	5/5		4/4
Jonathan Ofer	1st	12.09.2013	11.09.2017	0/4#		2/3
Eric Reynolds	1st	12.09.2013	11.09.2017	5/5		4/4
Gerald Russell	1st	12.09.2013	11.09.2017	4/5	3/3	2/2
Professor Alison Bashford	1st	01.02.2015	31.01.2019	4/5		2/2
Jeremy Penn	1st	01.02.2015	31.01.2019	5/5		6/6
Admiral Sir Mark Stanhope	1st	01.02.2015	31.01.2019	3/5	3/3	4/4
Aminul Hoque	1st	05.09.2016	04.09.20	4/5		

\* see 1.7 below #now resident overseas

### 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 2016–17.

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). Until January 2017 this was carried out in accordance with the Office of the Commissioner of Public Appointments' (OCPA) Code of Practice for Ministerial Appointments to Public Bodies of April 2012. From 1 January 2017 this will be in accordance with the Cabinet Office Governance Code on Public Appointments the regulation of which is carried out by the Commissioner for Public Appointments.

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 September 2016 the second terms of Trustees Linda Hutchinson and Sir Robert Crawford came to an end. In September 2016 Dr Aminul Hoque, a new Trustee who can represent the Museum's local communities, was appointed to the Board.

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 2016–17 the Board's Committee structure was: Audit Committee**

This Committee 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 forward to the Board.

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 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 on developments in the approach of Audit Committees across the sector which was delivered at its November 2016 meeting.

### **Remuneration Committee**

This Committee 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.

### **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 and policy advice relating specifically to *Cutty Sark*.

### **Enterprises Committee**

The 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 2016–17**

In 2016–17 the significant work of the Board and its committees included:

- acquiring for the national collection the Armada Portrait of Queen Elizabeth I and the significant maritime items from the MoD's Art Collection
- agreeing the new Mission Statement, brand strategy and visual identity
- approving the 2016-18 update to the corporate plan "Stimulating Curiosity"
- the annual strategy meeting to discuss strategic matters beyond the horizon of the current corporate plan - particularly how to continue to grow visitor numbers and what form the 350th anniversary of the founding of the Royal Observatory in 2025 may take
- backing a holistic and consolidated business growth strategy
- monitoring the governance and costs of the Endeavour project and ensuring the progress of its various elements including the successful move in Summer 2016 of 180 staff to their new open-plan offices in the Park Row Wing
- agreeing the exhibitions and galleries 5 year programme update and the scope and priorities of the new Enrichment project (see section 5. Future Priorities)
- approving, in accordance with the agreed criteria, several transfers of items out from the collection – see details on page 9
- approving the revised Management Agreement with DCMS
- adopting the annual report from 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](http://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. The Board has found that they served the purpose of ensuring that Trustees have, as stated in the 1934 Act, "...the general management and control of the Museum...". At the end of its 2016–17 meeting cycle the Board agreed to review formally its performance at its September 2017 meeting - two years on from adopting those modified arrangements.

## **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.

With respect to its 2016–17 Audit Committee work, the Committee had 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 2016–17 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, sighting 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. The policy will be reviewed again in February 2019.

### *The Audit Committee*

Sir Robert Crawford attended his last meeting as a Committee member in June 2016. Denise Larnder, a former partner at EY, joined the Committee as an independent member in February 2017.

#### **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 Board on a Quarterly basis. Budgets are reviewed quarterly and reset according to the Museum's priorities. Revised forecasts are agreed by the Board 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.

The systems currently in place to glean feedback and other data from public visitors themselves is currently under review to ensure ease and transparency of collation and to provide a means of presentation that can ensure improvement wherever feasible.

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

In 2013–14 Internal Audit reported on the systems used to count visits to the various sites of Royal Museums Greenwich which provided the Board with assurance that these mechanisms provided robust and accurate measurement. Those systems continued to be in use in 2016-17.

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 2016–17 the internal audit reporting work encompassed:

1. The Endeavour project
2. Business change and working culture
3. Media handling
4. Information security
5. Procurement
6. Confirmation of the implementation of previous recommendations and a follow up of recommendations relating to IT and core financial controls.

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 2016–17 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.

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 2016–17 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 2016–17 accounts of National Maritime Museum Enterprises Limited was 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 in the National Maritime Museum for the financial year ended 31 March 2017 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, sighted by the Audit Committee, certifying that, during the 2016–17 Financial Year, the systems of internal control used within their areas of responsibility had been sound and had been followed.

## **8.2 External engagement**

In line with the Management Agreement, in November 2016 and in March 2017 the Director of Finance and the Museum Secretary conducted a meeting with senior officers from DCMS. Progress on the Endeavour project was briefed in detail and other aspects of the Museum's performance and its strategic risks 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*

The Museum's Risk Management Policy, updated in November 2016, 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 Tolerance or risk appetite*

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. The Museum's risk tolerance is the amount of risk it is prepared to tolerate in a particular circumstance. Agreement of the risk tolerance is an important element in the organisation's risk management framework, as it provides the yardstick by which the Museum can assess the strength of the present controls against the risk rating applied to a particular risk, to ensure that the residual risk remaining - once these controls have been applied - falls within the risk appetite.

When considering threats, risk tolerance 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 tolerance 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.

The Board has 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.

In 2016–17 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; potential impact of the outcome of the EU referendum 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 2016–17 or previous years and has made no such report to the Information Commissioner’s Office.

The Museum meets the standard of the 10 Steps to Cyber Security and is on track to achieve Cyber Essentials Assurance Accreditation by 30 June 2017 as previously agreed with DCMS.

#### **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.

Gerald Russell  
Trustee and Chair of the Audit Committee

Kevin Fewster  
Director and Accounting Officer  
20 June 2017

### **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 2017 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 and Staff 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 2017 and of its net income 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 and Staff 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 and Staff 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                      Date 29 June 2017**  
**Comptroller and Auditor General**

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

**Consolidated Statement of Financial Activities**  
**For the year ended 31 March 2017**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	Total 2017 £'000	Total 2016 £'000
<b>Income and Endowments</b>						
<b>Donations and Legacies</b>						
- Grant in Aid		15,305	715	-	16,020	15,520
- Other		492	95,261	-	95,753	3,425
<b>Total Donations and Legacies</b>	<b>2</b>	<b>15,797</b>	<b>95,976</b>	<b>-</b>	<b>111,773</b>	<b>18,945</b>
<b>Other Trading Activities</b>						
- Trading Income	<b>3</b>	3,499	650	-	4,149	3,266
- Other	<b>4</b>	675	-	-	675	819
<b>Total Other Trading Activities</b>		<b>4,174</b>	<b>650</b>	<b>-</b>	<b>4,824</b>	<b>4,085</b>
<b>Income from Investments</b>	<b>5</b>	96	1	7	104	124
<b>Income from Charitable Activities</b>						
Putting Visitors First and creating inspiring experiences		5,707	-	-	5,707	5,151
Valuing our Heritage, caring for and developing our unique collection		279	-	-	279	275
Extending our Reputation, reach and impact		290	-	-	290	472
<b>Total Income from Charitable Activities</b>	<b>6</b>	<b>6,276</b>	<b>-</b>	<b>-</b>	<b>6,276</b>	<b>5,898</b>
<b>Total Income and Endowments</b>		<b>26,343</b>	<b>96,627</b>	<b>7</b>	<b>122,977</b>	<b>29,052</b>
<b>Expenditure</b>						
<b>Expenditure on Raising Funds</b>						
Costs of Raising Donations and Legacies		1,724	-	-	1,724	1,681
Costs of Other Trading Activities						
- Trading Costs	<b>3</b>	1,827	650	-	2,477	2,194
- Other		6,622	-	-	6,622	6,037
Total Cost of Other Trading Activities	<b>7</b>	8,449	650	-	9,099	8,231
Investment Management Costs		74	-	-	74	83
<b>Expenditure on Charitable Activities</b>						
Putting Visitors First and creating inspiring experiences		2,643	148	-	2,791	2,467
Valuing our Heritage, caring for and developing our unique collection		12,198	3,594	-	15,792	17,091
Extending our Reputation, reach and impact		1,383	283	14	1,680	1,408
<b>Total Expenditure</b>	<b>7</b>	<b>26,471</b>	<b>4,675</b>	<b>14</b>	<b>31,160</b>	<b>30,961</b>
Net Gains/(Losses) on Investments		722	6	51	779	(51)
<b>Net Income/(Expenditure)</b>		<b>594</b>	<b>91,958</b>	<b>44</b>	<b>92,596</b>	<b>(1,960)</b>
<b>Transfers</b>						
Transfers between funds	<b>19,20</b>	1,183	(1,183)	-	-	-
<b>Net Income/(Expenditure) before other Recognised Gains and Losses</b>		<b>1,777</b>	<b>90,775</b>	<b>44</b>	<b>92,596</b>	<b>(1,960)</b>
<b>Other Incoming Resources</b>						
Transfer in of Cutty Sark	<b>19</b>	-	-	-	-	10,324
<b>Other Recognised Gains and Losses</b>						
Gains/(Losses) on Revaluation of Fixed Assets		-	4,031	-	4,031	25,755
<b>Total Net Movement in Funds</b>	<b>9</b>	<b>1,777</b>	<b>94,806</b>	<b>44</b>	<b>96,627</b>	<b>34,119</b>
<b>Reconciliation of Funds</b>						
Funds balance brought forward at 1 April 2016		17,427	166,558	650	184,635	150,516
<b>Funds balance at 31 March 2017</b>		<b>19,204</b>	<b>261,364</b>	<b>694</b>	<b>281,262</b>	<b>184,635</b>

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £1,525,786 (£927,660 - 2016) as Gift Aid to the Charity.

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

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 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	Total 2017 £'000	Total 2016 £'000
<b>Income and Endowments</b>						
<b>Donations and Legacies</b>						
- Grant in Aid		15,305	715	-	16,020	15,520
- Other		492	95,261	-	95,753	3,425
- Gift Aid donation from NMME		1,526	-	-	1,526	928
- Recharges NMME		149	-	-	149	148
<b>Total Donations and Legacies</b>	<b>2</b>	<b>17,472</b>	<b>95,976</b>	<b>-</b>	<b>113,448</b>	<b>20,021</b>
<b>Other Trading Activities</b>						
- Trading Income	<b>3</b>	-	-	-	-	-
- Other	<b>4</b>	715	-	-	715	870
<b>Total Other Trading Activities</b>		<b>715</b>	<b>-</b>	<b>-</b>	<b>715</b>	<b>870</b>
<b>Income from Investments</b>	<b>5</b>	<b>92</b>	<b>1</b>	<b>7</b>	<b>100</b>	<b>120</b>
<b>Income from Charitable Activities</b>						
Putting Visitors First and creating inspiring experiences		5,707	-	-	5,707	5,151
Valuing our Heritage, caring for and developing our unique collection		279	-	-	279	275
Extending our Reputation, reach and impact		290	-	-	290	472
<b>Total Income from Charitable Activities</b>	<b>6</b>	<b>6,276</b>	<b>-</b>	<b>-</b>	<b>6,276</b>	<b>5,898</b>
<b>Total Income and Endowments</b>		<b>24,555</b>	<b>95,977</b>	<b>7</b>	<b>120,539</b>	<b>26,909</b>
<b>Expenditure</b>						
<b>Expenditure on Raising Funds</b>						
Costs of Raising Donations and Legacies		1,724	-	-	1,724	1,681
Costs of Other Trading Activities						
- Trading Costs	<b>3</b>	-	-	-	-	-
- Other		6,660	-	-	6,660	6,088
Total Cost of Other Trading Activities	<b>7</b>	<b>6,660</b>	<b>-</b>	<b>-</b>	<b>6,660</b>	<b>6,088</b>
<b>Investment Management Costs</b>		<b>74</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>83</b>
<b>Expenditure on Charitable Activities</b>						
Putting Visitors First and creating inspiring experiences		2,643	148	-	2,791	2,467
Valuing our Heritage, caring for and developing our unique collection		12,198	3,594	-	15,792	17,091
Extending our Reputation, reach and impact		1,383	283	14	1,680	1,408
<b>Total Expenditure</b>	<b>7</b>	<b>24,682</b>	<b>4,025</b>	<b>14</b>	<b>28,721</b>	<b>28,818</b>
Net Gains/(Losses) on Investments		722	6	51	779	(51)
<b>Net Income/(Expenditure)</b>		<b>595</b>	<b>91,958</b>	<b>44</b>	<b>92,597</b>	<b>(1,960)</b>
<b>Transfers</b>						
Transfers between funds	<b>19,20</b>	1,183	(1,183)	-	-	-
<b>Net Income/(Expenditure) before other Recognised Gains and Losses</b>		<b>1,778</b>	<b>90,775</b>	<b>44</b>	<b>92,597</b>	<b>(1,960)</b>
<b>Other incoming Resources</b>						
Transfer in of Cutty Sark	<b>19</b>	-	-	-	-	10,324
<b>Other Recognised Gains and Losses</b>						
Gains/(Losses) on Revaluation of Fixed Assets		-	4,031	-	4,031	25,755
<b>Total Net Movement in Funds</b>	<b>9</b>	<b>1,778</b>	<b>94,806</b>	<b>44</b>	<b>96,628</b>	<b>34,119</b>
<b>Reconciliation of Funds</b>						
Funds balance brought forward at 1 April 2016		17,367	166,558	650	184,575	150,456
<b>Funds balance at 31 March 2017</b>		<b>19,145</b>	<b>261,364</b>	<b>694</b>	<b>281,203</b>	<b>184,575</b>

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

**Balance Sheets as at 31 March 2017**

	Note	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible Fixed assets	10.a	170,721	158,428	170,721	158,428
Intangible Fixed Assets	10.b	439	471	439	471
Heritage Assets	12	100,485	17,426	100,485	17,426
Investments	13	5,523	5,025	6,023	5,525
		<u>277,168</u>	<u>181,350</u>	<u>277,668</u>	<u>181,850</u>
<b>Current assets</b>					
Stock	15	397	301	85	49
Debtors: Amounts falling due within one year	16	8,961	1,354	10,181	2,244
Short-Term Deposit	24	1,188	3,161	1,188	3,161
Cash at bank and in hand	24	2,241	4,481	382	2,983
		<u>12,787</u>	<u>9,297</u>	<u>11,836</u>	<u>8,437</u>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	17	(4,715)	(5,111)	(4,323)	(4,811)
		<u>8,072</u>	<u>4,186</u>	<u>7,513</u>	<u>3,626</u>
<b>Net current assets</b>					
		<u>1,879</u>	<u>-</u>	<u>1,879</u>	<u>-</u>
Debtors: Amounts falling due after one year	16				
Creditors: Amounts falling due after one year	17	(5,856)	(901)	(5,856)	(901)
		<u>281,263</u>	<u>184,635</u>	<u>281,204</u>	<u>184,575</u>
<b>Net Assets</b>					
<b>Income Funds</b>					
<b>Restricted funds:</b>					
Fair Value Reserve	19	54	29	54	29
Revaluation Reserve		57,154	53,123	57,154	53,123
Other Restricted Funds		204,156	113,406	204,156	113,406
Total Restricted Funds		<u>261,364</u>	<u>166,558</u>	<u>261,364</u>	<u>166,558</u>
<b>Unrestricted funds:</b>					
Fair Value Reserve	20	2,061	1,392	2,061	1,392
Designated Funds		14,682	13,544	14,623	13,484
General Funds		2,461	2,491	2,461	2,491
Total Unrestricted Funds		<u>19,204</u>	<u>17,427</u>	<u>19,145</u>	<u>17,367</u>
<b>Capital Funds</b>					
Fair Value Reserve	21	182	96	182	96
Endowment Funds		512	554	512	554
Total Endowment Funds		<u>694</u>	<u>650</u>	<u>694</u>	<u>650</u>
		<u>281,262</u>	<u>184,635</u>	<u>281,203</u>	<u>184,575</u>
<b>Total Funds</b>					

Gerald Russell, Trustee and Chair of Audit Committee

Dr Kevin Fewster, Director and Accounting Officer

20 June 2017

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

**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2017**

<b>Statement of Cash Flows</b>	<b>Note</b>	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	<b>23</b>	<u>13,392</u>	<u>2,694</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments	<b>5</b>	104	124
Proceeds from the sale of property, plant and equipment		-	15
Purchase of property, plant and equipment			
Total Asset Additions	<b>10</b>	(13,659)	(4,119)
Total Purchased Heritage Assets	<b>12</b>	(9,530)	(295)
Proceeds from sale of investments	<b>13</b>	1,040	2,746
Purchase of investments	<b>13</b>	(759)	(2,668)
<b>Management of Liquid Resources</b>			
Increase/(Decrease) in short term deposits	<b>24</b>	1,973	1,387
Transfer of Cutty Sark Restricted Cash Reserve	<b>19</b>	-	638
<b>Increase/ (Decrease) in cash</b>		<u>(7,439)</u>	<u>522</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		-	-
Cash inflows from new borrowing		5,199	901
<b>Net cash provided by (used in) financing activities</b>		<u>5,199</u>	<u>901</u>
<b>Reconciliation of increase in cash to movement in net funds</b>			
(Decrease)/Increase in cash in the period	<b>23</b>	(2,240)	1,423
(Decrease)/Increase in liquid resources in the period	<b>23</b>	<u>(1,973)</u>	<u>(1,387)</u>
Change in cash and cash equivalents in the reporting period		(4,213)	36
Cash and cash equivalents at the beginning of the reporting period	<b>23</b>	7,642	7,606
Change in cash and cash equivalents due to exchange rate movements		-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>24</b>	<u>3,429</u>	<u>7,642</u>

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

**Notes to the Consolidated Accounts  
For the year ended 31 March 2017**

**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 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, Grant, Donations and legacies are recognised in the SOFA when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Grants and other income that are awarded subject to specific performance conditions and non capital income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met. Commercial and trading income including sponsorship is recognised upon performance of services rendered in accordance with the contractual terms. Admissions and Membership income is recognised as the Museum becomes entitled to the income. 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 HM 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 2017. 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 2022.

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 only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of DCMS loans which are subsequently measured at amortised cost using the effective interest method.

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.

Investments that are intended to produce a return, but are available to be spent within a 12 month period are treated as Current Asset investments. All other investments, which are intended to produce a long term return, and are not intended to be spent within the next 12 months, are treated as Fixed Asset investments.

#### **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. The museum has no exposure to interest rate risk on its financial liabilities as the interest rate on the DCMS loan is fixed for the entire repayment period.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call with banks.

### **(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, this is defined contribution scheme.

### **(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

£16,020,000 (£15,520,000 - 2016) of Grant-in-Aid has been received from the Department for Culture, Media and Sport during the year.

		<b>Unrestricted</b>	<b>Restricted</b>	<b>Endow-</b>	<b>Total</b>	<b>Total</b>
		<b>Funds</b>	<b>Funds</b>	<b>ment</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>	<b>Funds</b>	<b>£'000</b>	<b>£'000</b>
				<b>£'000</b>		
Operating Expenditure		13,580	-	-	13,580	13,580
Capital Grant		1,725	500	-	2,225	1,725
National Historic Ships UK		-	215	-	215	215
<b>Total Grant in Aid</b>	<b>Note 25</b>	<b>15,305</b>	<b>715</b>	<b>-</b>	<b>16,020</b>	<b>15,520</b>
Donations		492	198	-	690	758
Donations - Capital Projects		-	9,262	-	9,262	1,345
Donated Objects	<b>Note 12</b>	-	73,529	-	73,529	1,003
Heritage Lottery Fund	<b>Note 25</b>	-	1,148	-	1,148	236
Heritage Lottery Fund - Capital Projects	<b>Note 25</b>	-	11,124	-	11,124	83
<b>Total Donations and Legacies</b>		<b>15,797</b>	<b>95,976</b>	<b>-</b>	<b>111,773</b>	<b>18,945</b>

Donated objects are artefacts given to the Museum with a value of £73,529,329 (£1,002,640 - 2016). 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 £20,386,000 (£1,428,000 - 2016).

This note discloses the totality of the donated resources receivable by the museum during the year and their disposition. The museum provides enhanced disclosure in the Statement of Financial Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the museum, and the impact of donations in support of capital expenditure and collection acquisitions. The value of such donations is often material, and can vary significantly from year to year. Donations and grants in support of capital expenditure and collections acquisitions are recognised in the SOFA when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably, but the associated capital expenditure is depreciated over the expected useful life of the asset, and heritage assets are not depreciated at all. The mismatch between the treatment of funding and expenditure gives the misleading appearance of an increase in funds during the year, and of a consequent reserve carried forward to the future, when in reality the funding has already been used, often to acquire an inalienable asset. Aggregation of capital and revenue funding therefore disguises the funding of running costs, limiting any assessment of future financial performance.

### 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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Trading income	2,383	2,143
Cost of sales	(1,007)	(988)
Gross profit	1,376	1,155
Income from other commercial activities	1,766	1,123
Administrative expenses	(1,619)	(1,354)
Operating profit	1,523	924
Interest receivable and similar income	3	4
Profit on ordinary activities before taxation	1,526	928
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	1,526	928
Gift Aid donation to the Charity	(1,526)	(928)
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 £148,650 (£148,000 - 2016) from the Museum.

Profits on ordinary activities after taxation of £1,525,786 (£927,660 - 2016) will be distributed as Gift Aid to the Charity.

#### Balance Sheet

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Current assets	2,477	1,955
Current liabilities	(1,918)	(1,396)
Total current assets less current liabilities	559	559

#### Capital and Reserves

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
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

	2017 £'000	2016 £'000
Trading income	2,383	2,143
Income from other commercial activities	1,766	1,123
Trading income per SOFA	<u>4,149</u>	<u>3,266</u>
Administrative expenses & cost of sales	2,626	2,342
Intercompany transactions	(149)	(148)
Trading costs per SOFA	<u>2,477</u>	<u>2,194</u>
Investment income	3	4
Intercompany transactions	-	-
Investment income included within SOFA	<u>3</u>	<u>4</u>

## 4 Activities for Generating Funds - Other

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

	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	2017 £'000	2016 £'000
Conferences & Event Attendance	30	-	-	30	12
Events Theatre Hire	59	-	-	59	24
Membership	342	-	-	342	266
Publications	53	-	-	53	43
Recharged expenses	0	-	-	-	335
Miscellaneous Other	191	-	-	191	139
	<u>675</u>	<u>-</u>	<u>-</u>	<u>675</u>	<u>819</u>

Income of £Nil (£334,650 - 2016) 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 Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	2017 £'000	2016 £'000
Dividends receivable	75	-	5	80	72
Interest receivable - Bank interest	16	-	-	16	15
Interest receivable - Fixed Term Deposits	5	1	2	8	37
	<u>96</u>	<u>1</u>	<u>7</u>	<u>104</u>	<u>124</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 2017 £'000	2016 £'000
Admissions	-	5,707	-	5,707	5,151
Licensing	205	-	-	205	162
Open Museum	-	-	160	160	221
Recharges	42	-	-	42	196
Reproductions, Plans & Print Sales	28	-	-	28	29
Research	4	-	-	4	3
Touring Income	-	-	130	130	118
Other	-	-	-	-	18
	<u>279</u>	<u>5,707</u>	<u>290</u>	<u>6,276</u>	<u>5,898</u>

An amount of £Nil (£133,000 - 2016) 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 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:

	2017 %	2016 %
Costs of Raising Donations and Legacies	36	36
Costs of Other Trading Activities	13	13
Investment Management Costs	1	1
Putting Visitors First and creating inspiring experiences	14	14
Valuing our Heritage, caring for and developing our unique collection	33	33
Extending our Reputation, reach and impact	3	3

	Direct Activit- ies £'000	Support Cost Allocation				Total 2017 £'000	Total 2016 £'000
		Director- ate £'000	Govern- ance £'000	Finance £'000	HR £'000		
<b>Expenditure on Raising Funds</b>							
Costs of Raising Donations and Legacies	285	507	21	268	249	394	1,724
Costs of Other Trading Activities	8,590	179	8	95	88	139	9,099
Investment Management Costs	34	14	1	7	7	11	74
<b>Expenditure on Charitable Activities</b>							
Putting Visitors First	2,217	202	8	107	99	158	2,791
Valuing our Heritage	14,495	456	19	242	225	355	15,792
Extending our Reputation	1,554	44	2	23	23	34	1,680
<b>Total Resources Expended</b>	<b>27,175</b>	<b>1,402</b>	<b>59</b>	<b>742</b>	<b>691</b>	<b>1,091</b>	<b>31,160</b>
							<b>30,961</b>

### (a) Staff Costs

	2017 £'000	2016 £'000
Wages and salaries - Permanent Staff	12,126	11,769
Wages and salaries - Agency and Temporary Staff	158	116
Wages and salaries - Consultancy Staff	-	-
Social security costs	1,073	1,015
Pension costs	1,108	1,094
Early retirement and termination costs	58	(118)
	<b>14,523</b>	<b>13,876</b>

Early retirement costs represent a credit in 2015-16 as prior year provisions were only estimated at the time and were subsequently less than anticipated.

For 2016-17 total payments to Key Management Personnel as at Period 12 amounted to £727,480 (£732,568 in 2015-16) including bonuses and other payments. No Consultancy Staff were used during the year, therefore no tax assurances were required.

Volunteers gave the Museum 41,735 hours in 2016-17. The generally accepted practice is that voluntary effort equates to around £10 per hour given, which on this basis equates to a valued contribution equivalent to £417,350

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 2017	Total 2016
<b>Expenditure on Raising Funds</b>					
Costs of Raising Donations and Legacies	7	3	-	10	10
Costs of Other Trading Activities	197	1	-	198	190
<b>Expenditure on Charitable Activities</b>					
Putting Visitors First and creating inspiring experiences	22	3	-	25	22
Valuing our Heritage, caring for and developing our unique collection	179	1	7	187	178
Extending our Reputation, reach and impact	30	6	-	36	33
<b>Administration/Support Costs</b>	39	5	-	44	43
	<b>474</b>	<b>19</b>	<b>7</b>	<b>500</b>	<b>476</b>

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:

	2017	2016 (restated)
£60,000 - £65,000	4	3
£65,001 - £70,000	2	1
£70,001 - £75,000	1	-
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	1
£90,001 - £95,000	1	2
£95,001 - £100,000	2	-
£100,001 - £105,000	-	1
£105,001 - £110,000	-	-
£110,001 - £115,000	1	1
£115,001 - £120,000	-	-
£120,001 - £125,001	-	-
£125,001 - £130,000	-	-
£130,001 - £135,000	-	-
£135,001 - £140,000	-	1
£140,001 - £145,000	-	-
£145,001 - £150,000	1	-
	12	10

Of the twelve 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 under the defined contribution scheme. The total employer's contribution for the individual to the PCSPS was £18,945 (£18,425 - 2016). Contributions to the NMM Group Personal Pension Plan were £112,422 (£84,360 - 2016).

#### 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](http://www.civilservice.gov.uk/pensions)).

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

For 2016-17, employer's contributions of £76,637 were payable to the PCSPS (£85,916 - 2016) 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 2016-17 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 dependant on date of joining.

Employers' contributions of £1,031,228 were paid in 2016-17 (£990,500 - 2016) 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 28.

#### b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2016). Expenses reimbursed (for travel and subsistence) to four Trustees amounted to £3,485 (£2,028 - five Trustees 2016).

#### c) Grants Made

The Museum has made in 2016-17 the following grants in relation to Valuing Our Heritage:

		Provided in these accounts £000	Committed for 2017- 18 but not provided in these accounts £000	2016 - Prior year £000
The National Trust	i	-	-	29
Royal Museums Greenwich Foundation	ii	-	-	1,603
		-	-	1,632

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 part of the meeting of the Strengthen our organisation objective and are made up of:

	2017 £'000	2016 £'000
External Audit	39	42
Internal Audit	20	22
	59	64

The external audit fee of £39,000 (£42,000 - 2016) does not include any fees for non-audit work, and during the year there were no other fees.

The external audit fee is for the audit of the Museum and Trusts only. External audit fees for the audit of NMME of £9,540 have been included within Activities for Generating Funds - Trading Costs.

## 9 Total Net Movement in Funds

	2017 £'000	2016 £'000
Net movement in funds	96,627	34,119
Net movement in funds includes the following charges:		
Auditors' remuneration - for Museum and Trusts	39	42
Auditors' remuneration - for NMME (within Expenditure on Raising Funds)	10	9
Lease rental payments on land and buildings	394	394
Lease rental payment - other	8	21
Loss/(Gain) on Disposal of Assets	172	(8)
Depreciation	5,258	5,148

## 10.a Tangible Fixed Assets

	Freehold Land and Fixtures & Buildings		Plant & Equipment		Computer & Network Equipment		Motor Vehicles		Assets under Construc- tion		Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:												
At 1 April 2016 (as previously stated)	148,462	21,947	6,387	3,287	133	3,188	183,404					
Transfer to Intangible Fixed Assets	-	-	(746)	-	-	-	(746)					
Balance at 1 April 2016 (restated)	148,462	21,947	5,641	3,287	133	3,188	182,658					
Additions	2,679	978	216	70	25	9,578	13,546					
Disposals	-	(517)	(107)	(48)	-	-	(672)					
Transfers Between Asset Class	1,350	237	-	-	-	(1,587)	-					
Revaluation gain/impairment	340	-	-	-	-	-	340					
At 31 March 2017	152,831	22,645	5,750	3,309	158	11,179	195,873					
Accumulated depreciation:												
At 1 April 2016 (as previously stated)	355	15,549	5,471	3,046	84	-	24,505					
Transfer to Intangible Fixed Assets	-	-	(275)	-	-	-	(275)					
Balance at 1 April 2016 (restated)	355	15,549	5,196	3,046	84	-	24,230					
Depreciation Charge for the year	3,336	1,294	271	191	21	-	5,113					
Disposals	-	(347)	(108)	(45)	-	-	(500)					
Revaluation gain	(3,691)	-	-	-	-	-	(3,691)					
At 31 March 2017	-	16,496	5,359	3,192	105	-	25,152					
<b>Net Book Value at 31 March 2017</b>	<b>152,831</b>	<b>6,149</b>	<b>391</b>	<b>117</b>	<b>53</b>	<b>11,179</b>	<b>170,721</b>					
Net Book Value at 31 March 2016 (as previously stated)	148,107	6,398	916	241	49	3,188	158,899					
Transfer to Intangible Fixed Assets	-	-	(471)	-	-	-	(471)					
Net Book Value at 31 March 2016 (restated)	148,107	6,398	445	241	49	3,188	158,428					

Computer software and website costs with a net book value of £439,000 at 1 April 2016 have been reclassified from Plant & Equipment in tangible assets to intangible assets as required by FRS 102. This has no effect on the Museum's net assets or on the net movement in funds, except that the previous depreciation charge is now described as amortisation.

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 2017 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 full valuation and included the Cutty Sark Canopy building. The next full valuation is due to take place for the year ending 31 March 2022.

The Land and Buildings of the main Museum and the Royal Observatory, Greenwich have been revalued using the Depreciated Replacement Cost basis applicable to specialised buildings and on the basis that the Museum is a going concern. The revaluation of the Royal Observatory, Greenwich reflects the valuation of the entire site following the grant of the new Royal Warrant. The Brass Foundry and the Kidbrooke Stores have been revalued using the Existing Use Value basis applicable to non-specialised buildings.

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

## Legal and Statutory Constraints

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

## Revaluation

A full valuation was carried out on the following assets for 2016-17:

	Cost £'000	Revaluation £'000
Main site - Land and Buildings	82,608	110,622
Royal Observatory - Land and Buildings	14,158	20,655
The Brass Foundry - Land and Buildings	331	997
Kidbrooke Stores - Land and Buildings	1,448	5,676
Cutty Sark Canopy - Land and Buildings	9,446	14,881
	107,991	152,831

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.

## 10.b Intangible Fixed Assets

	Software Licenses £'000	Websites £'000	Developed Software £'000	Assets under Construc- tion £'000	Total £'000
Cost or valuation:					
At 1 April 2016	-	-	-	-	-
Transfer from Tangible Fixed Assets	371	362	13	-	746
Additions	-	65	48	-	113
Disposals	-	-	-	-	-
Transfers Between Asset Class	-	-	-	-	-
At 31 March 2017	371	427	61	-	859
Amortisation:					
At 1 April 2016	-	-	-	-	-
Transfer from Tangible Fixed Assets	233	37	5	-	275
Provided during the year	47	92	6	-	145
Disposals	-	-	-	-	-
At 31 March 2017	280	129	11	-	420
<b>Net Book Value at 31 March 2017</b>	<b>91</b>	<b>298</b>	<b>50</b>	<b>-</b>	<b>439</b>

Intangible fixed assets have not previously been reported separately as their value was not significant. Expenditure in this area is expected to increase and therefore a separate asset note has now been included. Historic expenditure on some in-use assets, for example the main NMM admissions systems, has not been reclassified as these assets are of insignificant net book value.

## 11 Capital Expenditure Commitments

	2017 £'000	2016 £'000
Contracted for but not provided in the accounts	6,418	3,322

The commitments relate to the creation of four new galleries and new storage and conservation studios.

## 12 Heritage Assets

The FRS102 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 2017 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 three departments: Collections Management; Conservation & Preservation, Research & Information.

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](http://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 a wider 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, and 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, safety and security, availability of resources to prepare the loan and how the loan improves access to the collection.

#### Financial Information on Acquisition of Heritage Assets since 1 April 2010

Cost or Valuation:	2010	2011	2012	2013	2014	2015	2016	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April	4,172	4,588	4,862	8,927	10,084	14,993	16,128	17,426
Collection Addition - Purchased	125	31	164	632	4,747	510	295	9,530
Collection Addition - Donated	291	243	3,901	525	162	625	1,003	73,529
As at 31 March	4,588	4,862	8,927	10,084	14,993	16,128	17,426	100,485

Donated assets in the year included the MOD Art Collection transferred to the museum on 22 March 2017 and included Paintings, Clocks/watches and Chronometers valued at £73,491,600. Of the approximately 240 items in the collection 62 are currently on loan in MOD buildings and other establishments. The value of heritage assets from the MOD collection loaned out to other organisations is £7,557,000 and the Museum is currently working to update the loan agreements for these objects.

Purchased Assets in the year included the Armada Portrait, funded by individual donations, the Art Fund and the Heritage Lottery Fund.

##### **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	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Market value at 1 April 2016	5,025	5,155	5,025	5,155
Additions	759	2,668	759	2,668
Disposal Proceeds	(1,040)	(2,746)	(1,040)	(2,746)
Gain/(Loss) on Disposal	48	(23)	48	(23)
Net Gain/(Loss) on revaluation	731	(29)	731	(29)

##### **Market value at 31 March 2017**

Historical cost as at 31 March 2017

##### **Unquoted Investments:**

Cost as at 31 March 2017

##### **Total Investments**

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. These financial instruments are mainly managed funds.

## 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 2017 - Sterling	8,952	2,241	1,188	5,523	1.0%	3 Months
Year ended 31 March 2016 - Sterling	12,667	4,481	3,161	5,025	1.1%	3 Months

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

## Reconciliation to the Balance Sheet

		2017 £'000	2016 £'000
Cash	- Floating Financial Assets	2,241	4,481
Investments (Current Assets)	- Short Term Deposits / Fixed Financial Assets	1,188	3,161
Investments (Fixed Assets)	- Assets Earning Equity Return	5,523	5,025
Total		8,952	12,667

## Liquidity Risk

The National Maritime Museum receives the majority of its operating 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 investments, designated funds and unrestricted funds to cover its current liabilities.

## Credit Risk

The Museum is exposed to credit risk of £1,399,000 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 £499 (£155 - 2016).

The Museum is exposed to credit risk of £7,954,000 of Accrued Grant Income. The risk is not considered significant as the donors are all established foundations and charities. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

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.

The museum has no exposure to interest rate risk on its financial liabilities as the interest rate on the DCMS loan is fixed for the entire repayment period. Its financial assets are held in fixed term deposit accounts with maturity of one month or less, or in funds or assets that can be readily traded, and so have no fixed interest rate.

## 15 Stock

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Goods for resale	397	301	85	49

## 16 Debtors

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	1,399	354	1,119	258
Amount owed by subsidiary	-	-	1,526	928
Prepayments	295	245	295	245
Taxation (VAT)	1,107	362	1,107	403
Accrued income	24	314	2	293
Accrued Grant income	6,074	-	6,074	-
Other debtors	62	79	58	117
Balance falling due within one year	8,961	1,354	10,181	2,244
<b>Amounts falling due after one year</b>				
Accrued Grant Income	1,879	-	1,879	-
Balance falling due after one year	1,879	-	1,879	-
<b>Total</b>	<b>10,840</b>	<b>1,354</b>	<b>12,060</b>	<b>2,244</b>

Accrued Grant income includes £7,166,735 of income due from restricted grant funding for specific projects to be undertaken by the Museum in 2017-18 and future years.

Other debtors includes £13,602 of unrepresented credit card income (£19,500 - 2016).

## 17 Creditors

	Group		Charity	
	2017	2016	2017	2016
Amounts falling due within one year	£'000	£'000	£'000	£'000
Trade creditors	2,040	477	2,035	460
Other creditors	75	16	42	17
DCMS Loan and Interest	298	-	298	-
Taxation and social security	299	252	299	252
Accruals	1,610	3,799	1,536	3,734
Deferred income	393	567	113	348
Balance falling due within one year	4,715	5,111	4,323	4,811
<b>Balance falling due after one year</b>				
DCMS Loan and Interest	5,856	901	5,856	901
Balance falling due after one year	5,856	901	5,856	901
<b>Total</b>	<b>10,571</b>	<b>6,012</b>	<b>10,179</b>	<b>5,712</b>

During 2015-16 DCMS approved a loan to the Museum totalling £6,100,000 towards the development of the Prince Philip Maritime Collections Centre. The first instalment of £900,000 was received in 2015-16 with the remaining balance received in 2016-17. The first repayment on the loan was due and paid in April 2017. Interest is being accrued at an indicative rate of 1.02%.

The movement on the deferred income account is as follows:

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Deferred income at 1 April	567	1,125	348	996
Released in year	(556)	(880)	(337)	(752)
Deferred in year	382	322	102	104
Deferred income at 31 March	393	567	113	348

## 18 Operating Leases

As at 31 March 2017 the Museum had obligations under non-cancellable operating leases which are due as follows:

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Buildings</b>				
- Within one year	394	394	394	394
- In the second to fifth year	1,077	1,077	1,077	1,077
- After five years	1,259	1,504	1,259	1,504
Total	2,730	2,975	2,730	2,975
<b>Other</b>				
- Within one year	8	13	8	13
- In the second to fifth year	16	24	16	24
- After five years	-	-	-	-
Total	24	37	24	37

## 19 Restricted Funds

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

	Balance		Expendi-	Gains/		Balance
	1 Apr 2016	Income	ture	(Losses)	Transfers	31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Land and Buildings Fund (Incl. Cutty Sark Canopy)	95,224	-	(3,336)	-	3,789	95,677
Revaluation Reserve	53,123	-	-	4,031	-	57,154
Cutty Sark Preservation Fund	638	-	-	-	-	638
Special Purpose Funds	-	22,807	(1,055)	-	(21,752)	-
Endeavour Galleries Fund	-	-	-	-	6,384	6,384
Activities Fund	-	-	-	-	866	866
Collections Capital Fund	17,426	73,529	-	-	9,530	100,485
National Historic Ships UK Fund	-	255	(252)	-	-	3
No. 3 Trust Fund - Sackler Caird Fund	68	36	(32)	6	-	78
No. 3 Trust Fund - Anderson Fund	74	-	-	-	-	74
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
Total Restricted Funds including Fair Value Reserve	166,558	96,627	(4,675)	4,037	(1,183)	261,364

The above fund includes a balance of £55,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2017.

**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 assets at the point of accession.

**The Endeavour Galleries Fund** represents donations and grants raised for the Endeavour Galleries capital works project.

**The Activities Fund** represents grants raised for activities based around the Endeavour Galleries, and both the Armada and Stubbs acquisitions.

**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 2017.

#### 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.

<b>20 Unrestricted Funds</b>	<b>Balance 1 Apr 2016 £'000</b>	<b>Income £'000</b>	<b>Expendi- ture £'000</b>	<b>Gains/ (Losses) £'000</b>	<b>Transfers £'000</b>	<b>Balance 31 March 2017 £'000</b>
<b>Designated Funds</b>						
Tangible & Intangible Asset Fund	7,662	-	(2,094)	-	6,660	12,228
Designated Capital	-	1,725	-	-	(1,725)	-
Cutty Sark Preservation Fund	150	-	-	-	150	300
Caird Fund	1,195	13	(32)	125	-	1,301
Development Fund	5,293	61	(24)	568	(3,656)	2,242
No. 3 Trust Fund	577	8	(1)	29	-	613
Trading Funds	59	4,152	(2,626)	-	(1,526)	59
<b>Total Designated Funds</b>	<b>14,936</b>	<b>5,959</b>	<b>(4,777)</b>	<b>722</b>	<b>(97)</b>	<b>16,743</b>
<b>General Funds</b>	<b>2,491</b>	<b>20,384</b>	<b>(21,694)</b>	<b>-</b>	<b>1,280</b>	<b>2,461</b>
	<b>17,427</b>	<b>26,343</b>	<b>(26,471)</b>	<b>722</b>	<b>1,183</b>	<b>19,204</b>

The above fund includes a balance of £2,016,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2017.

**The Tangible & Intangible 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

**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.

<b>21 Endowments</b>	<b>Balance 1 Apr 2016 £'000</b>	<b>Income £'000</b>	<b>Expendi- ture £'000</b>	<b>Invest- ment Gain £'000</b>	<b>Balance 31 March 2017 £'000</b>
Permanent endowments:					
The Caird Fund	488	6	(14)	51	531
The Sackler Fund	162	1	-	-	163
	<b>650</b>	<b>7</b>	<b>(14)</b>	<b>51</b>	<b>694</b>

The above fund includes a balance of £181,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2017.

**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.

<b>22 Analysis of Group Net Assets between Funds</b>	<b>Unrestricted Designated Funds £'000</b>	<b>Unrestric- ted General Funds £'000</b>	<b>Restric- ted Funds £'000</b>	<b>Endow- ment Funds £'000</b>	<b>Total 2017 £'000</b>
<b>Fund balances at 31 March 2017 are represented by:</b>					
Heritage Assets	0	-	100,485	-	100,485
Tangible Fixed assets	17,890	-	152,831	-	170,721
Intangible Assets	439	-	-	-	439
Investments	4,672	-	157	694	5,523
Current assets	4,314	2,461	6,012	-	12,787
Debtors: Amounts falling due after one year	0	-	1,879	-	1,879
Creditors: Amounts falling due within one year	(4,715)	-	-	-	(4,715)
Creditors: Amounts falling due after one year	(5,856)	-	-	-	(5,856)
<b>Group Net Assets</b>	<b>16,744</b>	<b>2,461</b>	<b>261,364</b>	<b>694</b>	<b>281,263</b>

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

<b>Reconciliation of movements in unrealised gains on land and buildings:</b>	<b>Unrestric- ted Funds £'000</b>	<b>Restric- ted Funds £'000</b>	<b>Endow- ment Funds £'000</b>	<b>Total 2017 £'000</b>
Unrealised gains at 1 April 2016	-	53,123	-	53,123
Net gain arising on revaluation	-	4,031	-	4,031
Unrealised gains at 31 March 2017	-	57,154	-	57,154

<b>Reconciliation of movements in unrealised gains on investments:</b>	<b>Unrestric- ted Funds £'000</b>	<b>Restric- ted Funds £'000</b>	<b>Endow- ment Funds £'000</b>	<b>Total 2017 £'000</b>
Unrealised gains at 1 April 2016	1,407	18	93	1,518
Net gains arising on revaluations	674	6	51	731
Unrealised gains at 31 March 2017	2,081	24	144	2,249

<b>23 Reconciliation of net incoming resources to net cash inflow from operating activities</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	92,596	(1,960)
Adjustments for:		
Donated Objects	<b>Note 2</b> (73,529)	(1,003)
Depreciation & amortisation charges	<b>Note 10</b> 5,258	5,148
(Gains)/losses on investments	(779)	51
Investment income	<b>Note 5</b> (104)	(124)
(Increase)/Decrease in stock	<b>Note 15</b> (96)	14
(Increase)/Decrease in debtors	<b>Note 16</b> (9,486)	396
Increase/(decrease) in creditors	<b>Note 17</b> 4,559	180
Cash inflows from new borrowing	<b>Note 17</b> (5,199)	-
Loss on Disposal of Fixed Assets	<b>Note 10</b> 172	(8)
Net cash inflow from operating activities	<b>13,392</b>	<b>2,694</b>

<b>Reconciliation of increase in cash to movement in net funds</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
(Decrease)/Increase in cash in the period	(2,240)	1,423
(Decrease)/Increase in liquid resources in the period	(1,973)	(1,387)
Change in net funds resulting from cash flows	(4,213)	36
Net funds at 1 April 2016	7,642	7,606
Net funds at 31 March 2017	<b>3,429</b>	<b>7,642</b>

## 24 Analysis of net funds

	NMM £'000	Trusts £'000	Charity £'000	NMME £'000	2017 Group £'000	2016 Group £'000
Held at Commercial Banks	216	151	367	1,857	2,224	4,465
Petty Cash	1	-	1	-	1	-
Cash in Hand	14	-	14	2	16	16
	231	151	382	1,859	2,241	4,481
Liquid resources - Short Term Deposit	6	1,182	1,188	-	1,188	3,161
<b>Net funds</b>	<b>237</b>	<b>1,333</b>	<b>1,570</b>	<b>1,859</b>	<b>3,429</b>	<b>7,642</b>

## 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.

	2017 £'000	2016 £'000
Grant in Aid received	13,795	13,795
Capital Grant in Aid received	1,725	1,725
Capital Grant in Aid received - Restricted	500	-
Total received from DCMS	<b>Note 2</b> 16,020	15,520

In addition we received all planned instalments of a loan from DCMS bringing the total value of the loan to £6.1 million.

### **b) The Heritage Lottery Fund**

The National Maritime Museum received lottery grants from the Heritage Lottery Fund in the year of £11,405,914 (£318,644 - 2016). The HLF shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £3,753,968 (£326,000 - 2016) at the end of the year.

	2017 £'000	2016 £'000
Restricted Grants received from the Heritage Lottery Fund	<b>Note 2</b> 1,148	236
Capital Grants received from the Heritage Lottery Fund	11,124	83
<b>Total Heritage Lottery Grants</b>	<b>12,272</b>	<b>319</b>

### **c) The Arts Council England**

The National Maritime Museum received grants from the Arts Council England in the year of £Nil (£29,500 - 2016). The ACE shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £Nil (£Nil - 2016) 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	2,090		Grants 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.	1		Income from image use
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year		126	Rental at No1 Smithery, Chatham
Visit Greenwich DMC	K Fewster, a Director of the related party, served as a Director during the year		30	Membership subscription
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		6	Grants made
Museums Association	K Fewster, a Member of the related party, served as a Director during the year.		10	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
		2,104	181	

At the year end there is a creditor balance of £Nil with the Royal Museums Greenwich Foundation, £3,913 with Imperial War Museum, and £Nil with the

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £Nil and expenditure of £2,671

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 and its three Trusts Funds: Caird, Development and No3. The consolidated group accounts consist of the National Maritime Museum, its three trust funds and 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.

ISBN 978-1-4741-4529-9



9 781474 145299