

# National Maritime Museum Annual Report and Accounts 2009-2010

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 19 JULY 2010

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT  
AND  
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

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## **i MUSEUM BACKGROUND**

The National Maritime Museum (NMM) is the largest maritime museum in the world. Entry to Museum sites at Greenwich is free but charges are made for special exhibitions and the Peter Harrison Planetarium. It is open 362 days a year, and in 2009-'10 it welcomed nearly 2.4 million visits from across the world, its website attracted over 10 million users, 9 thousand collections related and subject enquiries were answered, and some 346 thousand learners participated in educational programmes. The Museum receives funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport (DCMS), with additional income derived from trading activity and sponsorship.

### **History and Collection**

The National Maritime Museum (Patron: His Royal Highness The Duke of Edinburgh) was opened to the public by King George VI on 27 April 1937 in its buildings at Greenwich, which until 1933 had housed the Royal Hospital School. The Queen's House was part of the Museum from the outset. The Royal Observatory, Greenwich (ROG) was an addition of 1953.

The Museum is unique in the architectural significance and setting of its main 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, which was designated a UNESCO World Heritage Site (WHS) in 1997. Flamsteed House (1675-76), the original part of the Royal Observatory, was designed by Sir Christopher Wren and was the first purpose-built scientific research facility in Britain.

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

All the Museum buildings have been subsequently upgraded at various times and a full modern redevelopment of the main galleries, centring on what is now the Neptune Court, and funded in the main by the Heritage Lottery Fund, was completed in 1999 and reopened by Her Majesty the Queen. The Queen's House was refurbished in 2001 to become the heart of displays of art from the Museum's collection; the Queen's House was re-opened in this role by His Royal Highness the Prince of Wales. The major capital project Time and Space for the opening up of the entire Royal Observatory site for the benefit of the public was opened by Her Majesty the Queen in May 2007.

The Museum has the most important holdings in the world on the history of Britain at sea comprising more than 2 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, instruments for time-keeping and astronomy (based at the Observatory). Its British portraits collection is exceeded in size only by that of the National Portrait Gallery and its holdings relating to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and abroad. Through its displays, exhibitions and outreach programmes the Museum also explores our current relationship with the sea and the future of the sea 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, RESPONSIBILITIES, OBJECTIVES AND VALUES**

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

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

The Museum's **Responsibilities** are to safeguard and enhance the value of its Assets:

- its **collections**
- its **expertise**
- its **buildings**

The Museum's **Objectives** are to spread the benefits of those assets through:

- maximizing access and inspiration for its users
- satisfying its stakeholders, locally, nationally and internationally
- an effective organisation and sound financial management

In carrying out its programme, the Museum recognises the vital role played by its staff and volunteers; the institution **Values** in particular:

- good ideas and learning
- excellence in customer service
- teamwork and communication
- quality

## 1. CHAIRMAN'S FOREWORD

The period covered by this report has been an especially notable year for Greenwich and the National Maritime Museum. As we build up to 2012 and the 75th anniversary of the opening of the Museum, it is very pleasing to be able to report so positively on several very significant matters.

On 5 January it was announced that HM The Queen has agreed, as a mark of Royal favour, to grant Royal Borough status on the London Borough of Greenwich. This rare honour is to be bestowed in recognition of the historically close links forged between Greenwich and our Royal Family, from the Middle Ages to the present day, and the Borough's global significance as the home of the Prime Meridian, Greenwich Mean Time and a UNESCO World Heritage Site. The Museum is delighted that this will be conferred in the year of the Diamond Jubilee when our major exhibition for 2012 "The Royal River" the story of the Thames through the ages will be open in the Sammy Ofer Wing.

Moreover, it was announced on 4 February that all funding has been secured to complete the conservation, raising and glazing envelope for Cutty Sark. The opening date is in 2011 and the Museum looks forward to welcoming back this good friend to its greatly improved berth.

The London 2012 Games are also coming to Greenwich. As the only cultural institution directly involved as a Games venue, Trustees must ensure the Museum is able to play a full role in delivering a successful London Games with its most important cultural component and legacy. We must match public and international expectations of the Games with revitalised maritime galleries which will be open to all our UK and overseas visitors throughout the period of the Games. Last year Trustees designated £3.5 million of reserves for this essential work to our galleries in order to deliver the benefit to the public from the significant investment in the Sammy Ofer Wing made by the taxpayer, the Lottery, and one of our most important and generous philanthropists. Although we are in active discussion with the Department for Culture Media and Sport for permission to access this designated reserve in 2010-'11 and beyond, as I write this report DCMS/Treasury have not yet allowed Trustees to access these crucial funds.

In the meantime, construction work on the new Wing continues apace and we were pleased to welcome Sammy Ofer and members of the Ofer family on 8 September when Sammy unveiled the cornerstone symbolising the start of a major new era for the Museum.

Philanthropy is a vital component of the success of the arts and heritage in this country and in recognition of their long-time support, Dr Mortimer and Mrs Theresa Sackler and Lord Wolfson of Marylebone were made Honorary Commodores of the Museum earlier in the year. Sadly both Dr Sackler and Lord Wolfson died a few weeks ago. Both had dedicated the latter part of their lives to philanthropy and we at the Museum have much to thank them for.

The year has closed with the expected news of a cut in our Grant-in-Aid for 2010-'11. As the Minister for Culture said recently, "The UK's sustained success in the arts and culture is underpinned by a combination of funding from public and private sources, box office and commercial revenue". Trustees are acutely conscious of their responsibilities for the ongoing delivery of our front-line public benefit and moving forward in economic circumstances that are likely to be even further straightened in the year following will require us to find ways of re-balancing the value of our work with the support we receive from the taxpayer.

Nevertheless, and in the face of these difficult times, as outlined below our performance this year has again been exemplary. The Trustees and I wish to thank all those involved - staff, executive, management, volunteers, sponsors and stakeholders - with this wonderful Museum.

Lord Sterling, Chairman of the Board of Trustees

5 July 2010

## 2. DIRECTOR'S STATEMENT

Our performance this year has been excellent and I am very pleased to highlight that total visits to the Museum's 3 sites in 2009-'10 were 2.395m, a record high (15% above last year's all time record). New records were achieved at all 3 sites. As a consequence of the increase in site visits our retail sales for 2009-'10 were the highest ever achieved at £1.64m, and the Museum's efficiency measure of revenue Grant-in-Aid per visit was £6.67, compared to £7.45 in 2008-'09 - which is a significant improvement for the fourth year running. This means that we are now particularly vulnerable to any significant cut in the resources available to us as a result of any new Government constraints. We achieved a 37% rise in attendances and 56% increase in revenue at the Peter Harrison Planetarium over the previous year. We had worked to integrate planetarium show programming with current exhibitions and this certainly paid dividends – for example the planetarium show *Ice Worlds* took audiences on a journey to Arctic regions and the Earth's frozen extraterrestrial neighbours and this was tied in with the our new exhibition *North-West Passage: An Arctic Obsession*.

These great results are made possible by my many colleagues and I am very grateful for their commitment to the Museum. It is particularly gratifying when this commitment is recognised by others and I am very pleased that the Museum enjoyed tremendous success at the 2009 Visit London tourism awards, being named London's Visitor Attraction of the Year. In addition, the Royal Observatory Greenwich's International Year of Astronomy programme was named Best Tourism Experience and a Gallery Assistant, Nick Babbs, won the Bronze award for Outstanding Customer Service. Our Solar Storm website (<http://solarswtormwatch.com>) won the Best Innovative Site at the International Museums and the Web Conference in Denver whilst the book *Alan Villiers – voyager of the winds* by Kate Lance, published by NMM, won the Mountbatten Maritime Award at the 2009 Maritime Foundation Maritime Media Awards.

By way of a change, the Museum itself was also giving awards last year in the first of its *Astronomy Photographer of the Year* awards in collaboration with the BBC magazine *Sky at Night*. Part of the very successful International Year of Astronomy, the competition proved to be a great way for the Royal Observatory to reach a new audience. Also connected with the work of the ROG was the excellent news of £250,000 (over three years) having been awarded by Lloyd's Register Education Trust to enable the ROG's Excellence in Science Initiative – for which we are very grateful.

The Museum is fortunate to be able to draw on the support of its many stakeholders and two groups of people vital to the success of the Museum are our volunteers and our Members. We now have a newly created role of Volunteers Manager, the first time NMM has had such a position, and this year volunteers contributed a record 16,000 hours to the Museum and our

volunteer team increased from 89 to 108 people. On 3 June we held a Volunteers' Lunch and Seminar in appreciation of the work that volunteers do for us, giving them a chance to meet other Museum volunteers, and brief volunteers about the wider plans in the Museum. We are also indebted to receive the continuing commitment of so many in our Membership organization. The annual Members' *Sea Words* Dinner on 12 November was a great occasion and way of celebrating the sea. On 25 August former committee members of the Friends group joined us to open the ROG's Astronomer's and Meridian Gardens, both recently upgraded with funding support from the Friends.

I am also very pleased to report that the Museum was successfully re-accredited by the Museums, Libraries and Archives Council (MLA) without any additional areas for improvement identified. The MLA's Accreditation Scheme sets nationally agreed standards for collections management and care, governance and museum management, user services and visitor facilities for museums in the UK. This achievement is therefore a great reflection on the Museum and the stewardship of its collections.

We look forward to next year, when we will complete the construction of the splendid Sammy Ofer Wing; open our new ship model centre at Chatham Historic Dockyard; work closely with the London Organising Committee to prepare for the Games in 2012, organize our plans for the Diamond Jubilee and the Museum's 75th anniversary and continue to welcome as many visitors as possible to our wonderful campus of museums. Despite the very challenging financial times we are moving into, I am very fortunate as Director in having such excellent support from my colleagues throughout the Museum, in delivering everything that we have done. My thanks to everyone involved here for their dedication and efforts to make 2009-'10 such a very successful year.

Kevin Fewster, AM, Director

5 July 2010

### **3. REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE 2009-'10**

**The following section is a brief review of the activities and achievements of 2009-'10 (so necessarily contains only a selection of the Museum's work over the year) - all of which contribute to fulfilling the Museum's Responsibilities and achieving the Museum's Objectives.**

The section is structured in accordance with the Trustees Responsibilities and Objectives but is also mapped to show how the Museum supports each of the four DCMS Strategic Objectives of:

**Opportunity** - Encourage more widespread enjoyment of culture, media and sport ...

**Excellence** - Support talent and excellence in culture, media and sport ...

**Economic impact** - Realise the economic benefits of the Department's sectors ...

**Olympics and Sport for Young People** - Deliver a successful and inspirational Olympic and Paralympic Games in 2012 that provide for a sustainable legacy ...

### 3.1. safeguarding and enhancing the value of its **assets: collections, expertise and buildings**

Links to the DCMS objective of: *Support talent and excellence in culture, media and sport*

*Activities and Achievements include:*

#### **Collections:**

**Acquisitions** Notable acquisitions in 2009-'10 were:

- A gift of MSS autobiography of James Richardson (b. 1784), 1843. This volume briefly tells the life story of Richardson, a merchant sailor impressed into the navy during the Napoleonic Wars. It was written when he was 60 as a form of moral guide to his children. Such personal accounts of lower deck life are rare and are popular with researchers.
- Gift of manuscript logbooks of the *Crownthorpe* and papers of Captain H P Everett, her only captain, from 1874 to 1886 providing a complete record of one ship's sailing life. The *Crownthorpe* was a fast sailing ship built in the 1880s for New Zealand trade.
- Purchase of a contemporary full hull model of the *Great Eastern* (1858) a transatlantic cable ship and a waterline model of the composite clipper *Thermopylae* (1868) mounted on a scenic carved wooden base, for £39,300.
- Gift of manuscript letters and related ephemera dated between October 1943 and October 1946, providing a personal narrative of the author's experiences during and just after World War II with the British India Steam Navigation Company.

The Museum's Long Term Loans In Reform Project has reached the end of the phase of requesting lenders to donate material and moved on to prioritising and requesting acquisitions for purchase. This process is now ongoing.

#### **Loans Out**

Loan out activity during the year included:

- Twenty six objects lent to the Art and Exhibition Hall of the Federal Republic of Germany in Bonn, for the exhibition *James Cook and the Exploration of the Pacific*, and their subsequent transfer to the Museum of Ethnology, Vienna.
- Collection items were lent to, amongst others, Tate Britain; Chatham Historic Dockyard; Birmingham Museums & Art Gallery; Yale Center for British Art, New Haven; Museo Nacional del Prado, Madrid; Portcullis House, Palace of Westminster; and Plymouth City Museums & Art Gallery.

#### **Conservation**

The Glorious First of June union flag returned to the Museum following a lengthy and extensive conservation treatment on outside contract through a very generous grant made available to us by the Charles Hayward Foundation. The flag is a very rare example which was made before the saltire of St. Patrick (the red diagonal cross) was added when the United Kingdom of Great Britain and Ireland was formed in 1801. It was the command flag of Richard, Earl Howe (1726-1799) as Admiral of the Fleet and it was flown on his flagship *Queen Charlotte* at the Battle of the Glorious First of June 1794. The flag now looks superb, it can now be seen in its true colours, and will be preserved for many future generations to enjoy.

The conservation of a Maltese galley model, an example of the warships used by the Order of the Knights of Saint John in the Mediterranean during the Crusades, was of particular interest. The model is made of a wide range of materials, such as painted and gilded wood, cotton sails and incidental metals, which required many different types of treatment (as well as general cleaning and repairing minor structural damage) and there was the delicate problem of stabilising the fragile textile sails while still attached to the model.

As dirt was removed from the model it revealed beautiful painted detail on the deck which was not obvious before the treatment began. A diamond and floral decoration and a painted surface implying wooden marquetry were found underneath the dirt. The same method was used to clean the large number of oars that were similarly dirty.

The galley will go on display at the newly refurbished galleries at the Museum of the Order of St John in Clerkenwell as part of the Museum's programme of outreach and accessibility to our collections.

### **Public Access/Enquiries**

The Conservation department continues to host visits to the studios including 17 students from the Conservation Masters programme from Bucks New University on a furniture conservation, restoration and decorative arts course and a visit from the Prince's Trust Auction prize-winner. There were 893 public visits to NMM Collections Stores during the year.

### **Archive & Library**

As an essential prelude to the commencement of the construction of the Sammy Ofer Wing, the decant of the South West Wing archive, library and galleries was completed on time and budget. The project was managed by Storage and Movement and involved staff from Collections Management, Archive & Library, and Conservation.

Six of the Museum's most popular Research guides on tracing family history and the merchant navy have been revised and are available through the Museum's website. Researched and written by the highly respected merchant naval historian and genealogist, Dr Christopher Watts, they have been updated to include new online resources such as those in *DocumentsOnline* at the National Archives.

The Archive & Library staff continues to prepare for the new service and facilities in the Sammy Ofer Wing. The audit of books at Feathers Place was completed at the end of March 2010: the selection of stock books in the reading room continues, as well as the cataloguing of the Airy collection and cataloguing of rare duplicates books (both collections currently out-housed). Volunteers are making good inroads into listing the un-catalogued pamphlets collection. Phase 1 of the location records and unit of production project is 70% complete. We have recruited eight work placement interns to help us with Phase 2 of the project, starting in early May, to help edit collection records by linking or merging records, and assist with rehousing.

The Museum is pleased that all the Library's bibliographic catalogue records (numbering over 70,000 records) are now available through Worldcat.org, making the collections more visible and accessible.

### **Brass Foundry**

During the year the Historic Photos and Ship Plans section at the Brass Foundry dealt with 176 personal visits from researchers and answered 1,200 enquiries by phone, letter or email. Orders for copies of ship plans generated an income of £31,000. The team also catalogued: 700 photographic albums; 6,200 negatives, photos and transparencies (and updated a further 350 existing online); 1100 ship plans; and 149 volumes of ship covers.

### ***Expertise:***

**The Board of Longitude 1714-1828** *Science, innovation and empire in the Georgian world.*

This 5-year research project in collaboration with the University of Cambridge, was awarded an Arts and Humanities Research Council (AHRC) grant of £763,000 in December 2009. The project is to produce the first major history of the Board of Longitude, to coincide with the Board's tercentenary in 2014. Linked exhibitions at the Museum are also being planned.

### **Staff Publications**

A new scholarly catalogue, *Sextants at Greenwich*, was published jointly by Oxford University Press and the Museum, the fourth in the ...*at Greenwich* series. It was compiled by the 2005-'07 Sackler Fellow, Willem Mörzer Bruyns, with an introduction to the history of the collection by Dr Richard Dunn, Curator of Navigation.

*Health and Medicine at Sea, 1700-1900* eds. David Boyd Haycock and Sally Archer was published by Boydell & Brewer, November 2009.

### **Research Fellowships 2009- '10**

Sackler-Caird Research Fellowships:

Dr Jan Rueger, Birkbeck College, University of London

*Contested Island: A History of the Anglo-German Relationship*

Dr Kirsty Reid, University of Bristol

*Australia bound: convict voyages, 1788-1868*

Caird Junior Research Fellowship:

James Davey, Greenwich Maritime Institute

*The victualling of the Baltic fleet, 1808-1812. Communication times during the Napoleonic Wars*

Caird North American Fellowship:

Dr Marina Carter, University of Edinburgh

*American Maritime Trade with the Isle of France (Mauritius) 1790-1808*

The Crown Estate Caird Research Fellowships:

Hannah Evans, British Geological Survey

*Geomorphic Evolution of the Great Yarmouth Coastal System*

Dr Susan M Brooks, Birkbeck College, University of London

*Coastal change in historic times (past 200 years) – linking offshore bathymetric change and cliff recession*

Anna Bakare, University College London

*Investigating the morphodynamic seabed characteristics of the Norfolk Banks and Channels system*

### **Caird Short-Term Research Fellowships:**

Dr Alison Cathcart, University of Strathclyde

*The maritime history of the Atlantic Archipelago, c.1450-c.1650. An exploration of maritime affairs in the Irish Sea in general and the North Channel in particular focusing on the emergence of a 'British' Maritime Policy*

Miss Jeong-yon Ha, University of Edinburgh

*The visual representation of the Downriver Thames*

Don Leggett, University of Kent

*Ships of Science: the cultural construction of naval power 1890-1918*

Catherine Kelly, Wellcome Unit for HOM, University of Oxford

*Health and medicine in the nineteenth-century navy*

Sackler-Caird Short-Term Fellowship:

Dr Martina Schiavon, Université Nancy 2 –CNRS

*The Board of Longitude and the Bureau des Longitudes (19<sup>th</sup>-20<sup>th</sup> centuries): a comparative study.*

### **AHRC Collaborative Doctoral Studentships in Residence**

Philip Rich, with University of Sheffield, *The culture of cruising: post-war images of Oceanic Cruises in NMM Film Archive*

Anyaa Anim-Addoo, with Royal Holloway, *Steam after slavery: The Royal Mail Steam Packet Company in the post-emancipation Caribbean, c.1834-1870*

Lindsay Doulton and Mary Wills, with University of Hull, *Anti-slavery and the Royal Navy in the Atlantic Ocean, 1810-1890: race, empire and identity*

Harriet McKay, with Kingston University, *Accommodating the Passenger: Interior Design for the Union Castle Line, 1945-1977*

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

John Moyle, with University of Leeds, *The Telegraphic Life: Recovering the work of submarine cable technicians, 1850-1914*

Helen Reddick and Hazel Sheeky, with University of Newcastle upon Tyne, *Popular narratives of exploration in children's literature from the 18<sup>th</sup> to the 20<sup>th</sup> century*

Claire Warrior, with University of Cambridge, *Exploring Histories: Polar Exploration and the construction of History at the NMM*

Geoff Snell, with University of Sussex, *Thames Rising: Representations of the River Thames in 18th-Century Culture*

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

### **Conferences, Lectures and Symposia**

*Keith Jeffery Lecture*, 1 April 2009, 60 delegates

*British Maritime History Seminars*, 7 April-19 May 2009, 100 delegates

*Naval Dockyards Annual Conference*, 25 April 2009, 35 delegates

*Anti-Slavery Symposium*, 1 June 2009, 31 delegates

*The Long View Conference*, 16-18 July 2009, 45 delegates

*Society for the History of Astronomy Conference*, 18 July 2009, 65 delegates

*Steam, Sail and Science Conference*, 11 September 2009, 30 delegates

*Royal Institute of Navigation Conference*, 23 September 2009, 22 delegates

*Museum and Empire Symposium*, 30 October 2009, 45 delegates

*Spending on War Symposium*, 6 November 2009, 12 delegates

### ***Buildings, estate, and IT infrastructure:***

#### **King William IV Garden**

In accordance with Section 2.2 of the National Maritime Museum Act 1998, the Board of Trustees requested the consent of the then Secretary of State for Culture Media and Sport to the Board's acquisition of land adjacent the Museum. Consent was given and the purchase made.

The acquisition is a vital part of the development of the Sammy Ofer Wing being of significant importance to the successful construction and operation of the completed Wing and to the ambition of the Museum to make itself wholly and easily accessible to the public visitor from both the South and West fronts facing the Royal Park. Clear public benefit is gained from this increase in physical access: the opening up of the Museum to the Royal Park and vice versa; the new arrangement providing a mechanism for out of hours opening (both for public and commercial events); and significantly improving this aspect of the World Heritage Site prior to the arrival of the 2012 Games.

#### **Buildings and estate works infrastructure improvements have included:**

*Meridian Garden/Astronomer's Garden* - the hard and soft landscaping of both these gardens was completed and the outstanding reserved matters in the planning consent were approved by the London Borough of Greenwich. The visitor route is now compliant with the Disability Discrimination Act and has also been able to accommodate the recent record number of visitors.

The landscaping scheme, which was largely funded by the Friends of the Museum, has been very well-received by visitors and staff, and English Heritage were very pleased with the improvements achieved.

#### **Main site boundary railings and gates**

The repair and decoration of these Grade II listed features was completed on programme and below budget. The railings and gates were painted in World Heritage Site-approved green. These works will mean that apart from routine maintenance, these features should not need further major work for at least a decade.

#### **IT Infrastructure works included**

- The complete replacement of the external facing firewall devices to include an intrusion prevention system. The NMM is now more secure from external attacks.
- Re-configuration of the Intelligent Counting visitor tracking system at the ROG, including an accuracy test on all sensors and remedying of issues arising from the tests.
- Installation and setup of a new online ticketing system for the Peter Harrison Planetarium. The new system is integrated with 'walk up sales' and therefore does not require the manual input of data by staff, saving the Bookings Department significant time each week and also removing any possible human error from the manual data entry process. The system was installed within time and to the specified budget.
- Deployed power saving devices on all large Xerox copiers, which turn the machines off overnight and back on in the morning – the estimated reduction of CO2 emissions of 2.5 tonnes pa.

### 3.2 maximising **access** and inspiration for its users

Links to the DCMS objective of: *Encourage more widespread enjoyment of culture...*

*Activities and Achievements include:*

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

The Sammy Ofer Wing project will create a new archive space, a modern reading room, and gallery space within the shell of the present South West Wing. In addition there will be a new 800m<sup>2</sup> Special Exhibitions Gallery at basement level, family friendly catering facilities on the ground floor and more formal dining on the first floor roof terrace. The scheme will also provide a new main entrance, opening up the facade of the South West Wing to Greenwich Park.

This project has been made possible by Sammy Ofer's generous donation of £20 million. C. F. Møller Architects produced the concept design, which won English Heritage approval, and Purcell Miller Tritton is the executive architect. Since planning permission and listed building consent were granted in the spring of 2009, there has been good progress. Bovis Lend Lease was appointed as the main construction team and in October demolition of the Museum's Regatta Restaurant and kitchen began. By November, work had started on the excavation of the Victorian swimming pool (in use for nearly a century before the buildings changed from a school for the children of seafarers to a museum in the 1930s). The basement for the new Special Exhibitions Gallery had been dug by the end of March and its concrete floor was in place by the end of April. The South West Wing has also been completely gutted in preparation for the installation of a new steel structure to take the weight of the archives.

There has been regular communication with key stakeholder groups and project teams have kept to a minimum any disruption to the Museum's everyday business. Staff are now engaged in planning the fit-out and a programme of activities that need to be completed prior to the opening of the new wing. Visitor experience will be paramount and key staff have been assigned to focus on this important aspect of the scheme.

#### **Exhibitions:**

##### ***North-West Passage – May 2009 to January 2010***

The search for the North-West Passage, the sea route in the Arctic Ocean which connects the North Atlantic with the North Pacific Ocean, has been sought by many of Britain's most famous explorers, including Captain Cook, Sir John Franklin, Sir John Ross and Sir William Parry. Countless men lost their lives searching for a trade route through this hostile terrain, enduring arctic blizzards, scurvy and starvation.

This exhibition drew on some of the extraordinary stories, feats of endurance and tragedies that surround some of these 19th-century British Arctic expeditions. It also explored the lives of the Inuit who have made their homes in these harsh conditions for thousands of years. Now, as the longstanding seasonal pattern of impassable ice shows clear signs of changing, the eyes of the world are once again turning to this contested region. The exhibition brought together the Museum's extensive polar collection to reveal the historical importance of the North-West passage to 19th-century explorers and why the Arctic is making headlines once more. The exhibition was supported by the Canadian High Commission.

### ***Solar Story – Understanding the Sun***

This exhibition, currently on display in our ROG micro-gallery, shows a fine selection of striking images to help tell the story of our attempts to understand the nature of the Sun and its effects on Earth. The exhibition is supported by programming at the ROG and in the Peter Harrison Planetarium.

### ***The Last of the Tall Ships – Alan Villiers***

This exhibition hosted a striking selection of the Museum's collection of past Trustee Alan Villiers' photographs depicting life on merchant sailing vessels in the 1920s-30s.

### ***Jeremy Millar - Given***

The exhibition opened in September 2009 in the Queen's House, and explored how events in history resonate with our experience of the present. In *Given*, the starting point was a journey from Folkestone to Papua New Guinea taken by the Polish-born anthropologist Bronislaw Malinowski and the artist Stanislaw Ignacy Witkiewicz in 1914. This exhibition used objects, images and films to speculate on the ways our understandings of the present, and possibilities for the future are informed and misinformed by what has gone before.

### **Redisplay of Nelson's Uniform**

Part of the Maritime London Gallery was refurbished and reinstalled to provide a better display and context for Nelson's uniform. The display explores the Nelson story through the narrative of the Battle of Trafalgar and explains the uniform's presence in the Maritime London gallery by examining the role that his funeral and commemoration had on the capital. The new display features an interactive with a life-size digital reproduction of the Trafalgar coat housed in a replica of the original display unit built for the uniform.

### ***Toy Boats***

This exhibition, which opened in May 2010, displays over 100 colourful and imaginative toys that recall the grand liners, submarines and battleships that defined and defended the nation.

Between 1850 and 1950, the development of ships underwent a massive change as steel and steam replaced wood and sail. This development ignited the imaginations of children and toy makers and was met by an equivalent 'Golden Age' in the manufacture of toy boats.

The exhibition borrows extensively from the collection of the Musée national de la Marine in Paris and some of Britain's foremost collectors, as well as having many of the Museum's objects on display.

### **Touring exhibitions**

*Your Ocean* toured over the last two years to: Beacon Museum, Whitehaven; Tall Ship Museum, Glasgow; St. Andrews Museum, Kirckaldy; Caithness Horizons, Thurso; Hull Museum & Art Gallery; Aberdeen Maritime Museum and its final venue, the Time and Tide Museum in Great Yarmouth.

The *Golden Age of Dutch Seascapes* (known as *Turmoil and Tranquillity* when the exhibition was shown at the Queen's House) was seen by 60,000 visitors when it was at the Peabody Essex Museum in Salem, Massachusetts.

### **International Year of Astronomy 2009 (IYA 2009)**

Our year long programme of events ended with the month-long *Festival of Time & Space*, and a talk on 10 November by Museum Trustee Dame Professor Jocelyn Bell Burnell based on her poetry anthology *Dark Matter*.

The Festival of Time and Space brought together music and science through a series of performances, talks and events by Trinity College of Music students and staff working with Astronomers and staff at the ROG. This was the first partnership of this scale; events and activities were evaluated to inform the planning of future festivals and partnership events on this scale. The festival included:

- Time & Space sound installations – student interpretations of objects in the Time Galleries
- Time Hear – performance by residents of the Isle of Dogs inspired by Longplayer
- Journeys in Time and Space – performance by local schools
- Make & play, space music – half-term workshops
- Greenwich Time Symposium – exploring concepts of time and music
- Harmony of the Spheres – site specific performance throughout the ROG site

### **Astronomy Photographer of the Year 2009**

Linking with IYA 2009, our exhibition opened at the ROG in September 2009. The project was in collaboration with the BBC magazine *Sky at Night* and was the culmination of an astrophotography competition run by NMM and Sky at Night. Both the collaboration and the project have created great opportunities to reach a new audience (there is a large and very active astrophotography community). In January, the competition reopened for 2010.

### **Royal Observatory Visitor Experience**

In September 2009 the Museum introduced foreign language audio guides for the historical element of the ROG site covering the Meridian Line, Flamsteed Galleries, Harrison Clocks and the Meridian Galleries. This is the first stage in providing improved interpretation for overseas visitors, guides being available in English, Spanish, French, Italian and German.

During the summer months the ROG welcomed record-breaking visitor numbers during both daytime and evening opening. We experienced our busiest day ever, with over eighteen thousand visitors, attracted by a combination of the Moon weekend events and lovely weather attracting visitors to an event in the Royal Park. These exceptional numbers put the site and visitor experience under significant pressure and new arrangements were required to manage the operation of the site with these high visitor numbers.

The first Harrison timepiece, H1, returned to public display following a period of research, cataloguing and repair. The work on the clock was widely reported in the national media, and through a ‘blog’ which updated the interested public on the exciting findings of Jonathan Betts, Senior Curator of Horology as he uncovered every detail of the clock.

### **Peter Harrison Planetarium**

The latest planetarium show, *Secrets of the Sun*, has performed well with the support of the Solar Season marketing campaign. The Solar Season represents a pilot exercise,

involving interlinked planetarium shows, exhibitions, digital projects and public programmes to maximize the impact of our marketing investment.

A new show, *We are Astronomers* was launched during October half term. The show was produced by a partnership in the UK as part of IYA 2009. The lead partner is Leicester Space Centre, and the show was funded in part by the STFC and seven planetariums in the UK (including the ROG). It is an excellent show with teenage appeal and has been received very positively by the general public.

***Informal and Formal learning activities have included:***

**Family programmes**

The Greenwich Family Learning Festival, held at the NMM in October 2009, was the culmination of local family learning providers working together to promote the wealth of family learning on offer locally. The theme this year was 'your environment' and events focused on the *North-West Passage* exhibition. This event was part of a national initiative to promote children and adults developing literacy, language and numeracy skills together by engaging in family learning activities.

The February half-term holiday programme of activities was devoted to celebrating the Chinese New Year of the Tiger. A day of performances ran in collaboration with Greenwich Chinese Community School on 18 February. The event was extremely well attended with over 350 families coming to enjoy the day and was opened by the Mayor of Greenwich. Additional activities including a traditional Lion Dance and film screenings took place on Sunday 28 February.

A refreshed Early Years programme running on Tuesdays is regularly attended by round 60 participants. The sessions are based on having 'experiences' in the Museum and can be used to develop audience awareness and test out ideas for the planned under 8s gallery.

**Science Learning**

The Science Learning team secured a £250,000 grant from Lloyd's Register Education Trust (LRET) to support the funding we received as part of the Time and Space Project to build the LRET Learning Centre in the Astronomy Centre at the ROG. The Science Learning Department was restructured to provide 7-day-a-week operational support for the Peter Harrison Planetarium, allowing us to deliver the Excellence in Science Initiative, funded by the Lloyd's Register Education Trust and support a growing public programme. LRET are keen for us to expand our outputs to encourage and inspire young engineers and scientists, focusing on Gifted and Talented students who are most likely to pursue these areas in their future careers.

**Citizen science programme**

December saw the launch of the Museum's first online citizen science project – Solar Stormwatch. Solar Stormwatch invites amateur astronomers to help scientists spot and track solar storms in video data from NASA's STEREO mission. The results will create a space weather forecast and could result in new scientific discoveries being made. Supporting video content puts this contemporary research in context by highlighting the historic work done at the Royal Observatory, Greenwich.

Solar Stormwatch has since received press attention from The Times, BBC World Service, BBC Sky at Night and all popular astronomy magazines, among others.

The Museum has partnered with the University of Oxford, Met Office and Naval-History.net community to develop a new citizen science website about naval history and climate science. Funded by the Joint Information Systems Committee (JISC) 'Digitizing data for disparate communities' call, this project will publish images of Royal Navy logbooks from 1914 to 1923 and invite the general public to transcribe the meteorological data included within them. The use of historic naval documents to better understand climate and weather will make a substantial contribution to the communication of the Museum's subjects, as it demonstrates the contemporary relevance of historic collections. A new infrastructure for sharing digitized assets with a community of 'online volunteers' will be a legacy of the project.

### ***Summing it Up***

During February and March, the Learning team worked in partnership with Greenwich and Lewisham Young People's Theatre (GLYPT) and James Wolfe Primary school on the *Summing it Up* Project, designed to improve pupil motivation and attainment in Science and Maths. Children from Years 3, 4 and 5 visited the Museum and worked with actor characters from GLYPT to complete challenges relating to the Museum's collections. The children then presented their findings to their parents. Presentations took the form of a shadow-puppet show, a moving model solar system and huge canvas Tudor maps. The presentations were a great success with audiences of over 200 people.

Teachers reported a rise in pupil motivation as a result of the project and GLYPT is keen to run similar projects in the future in partnership with the Museum and other local schools.

### **Adult learning public programme**

NMM received funding support, as part of the Adult Learning Network led by Birkbeck University, to run *Love in the Archives* on Saturday 13 February – the event included afternoon tea and has been hugely popular with additional sessions needing to be added. The funding is from the Transformation Fund and designed to encourage non attending adult audiences to visit museums, library and archives.

A lecture programme has been planned in partnership with the National Historic Ships Committee in response to the BBC *Season of the Sea* series, which will run from 17 June – 22 July 2010. In May 2010 two events were run in partnership with the BBC when presenters of the BBC series, David Parker and Tom Cunliffe, gave talks and showed clips at evening lectures.

### **Understanding Slavery Initiative**

The Understanding Slavery Initiative (USI) has extended its partnership to include the Museum of London (Museum of London Docklands) and the American Museum in Britain (Bath).

USI has begun to develop approaches for the use of museum collections in teaching and learning about transatlantic slavery for early years and primary school-aged

children, consultation with teachers and key stakeholders has been undertaken and a pilot programme will be delivered in September 2010.

USI has been in discussions with Anti-Slavery International to plan a teacher training provision as a next step in supporting the learning sector in teaching this history. The Museum is currently working with the Institute of Education, London Metropolitan University, University of Western England, Birmingham University, School of Education - Brighton and Chichester University to develop an initial teacher training module to further support the learning sector in teaching the history and legacies of Transatlantic Slavery.

### **Digital collections**

The following activities were completed in 2009-'10:

- Over 1,800 ship models were photographed for the National Museums at Chatham project, with a total of approximately 9,000 shots taken.
- The Museum digitised the Caird Catalogues in preparation for the Museum's 75<sup>th</sup> anniversary in 2012.
- Some 20,000 warship history records were released to the Naval-History.net community under a Creative Commons license. Naval-History.net will enhance the data and return it to the Museum by the end of 2010.
- The Museum is photographing approximately 39,000 crew lists from 1915 for a partnership project with The National Archive. The index will launch in 2014.

- 3.3** satisfying **stakeholders**, locally, nationally and internationally  
Partnerships with our stakeholders are a critical part of ensuring the relevance and reach of the NMM. Specific areas include academic reputation; maritime heritage; local and World Heritage Site (WHS) matters; and tourism.

Links to the DCMS objectives of: *Encourage more widespread enjoyment of culture, media and sport* **and** *Deliver a successful and inspirational Olympic and Paralympic Games in 2012*

*Partnerships, Activities and Achievements include:*

### **Stakeholder recognition through Awards**

The Museum won three awards at the Visit London Awards Ceremony in November 2009:

- **Gold Award Winner** – Visit London Award for Best Tourism Experience for International Year of Astronomy at the ROG.
- **Gold Award Winner** – Visit London Award for Visitor Attraction of the Year to the National Maritime Museum (including ROG and Queens House).
- **Bronze Award Winner** – Visit London Award for Outstanding Customer Service awarded to Nick Babbs at the ROG.

The Museum's Solar Stormwatch website - <http://solarstormwatch.com> - won the *Best Innovative Site* category at the International Museums and the Web Conference.

In February the Formal Learning team collected the *Sandford Award* for excellence in Museum Learning from HRH The Earl of Wessex at a ceremony held at Windsor Castle.

The Museum was awarded the Mountbatten Maritime Award for *Best Maritime Book 2009* at the annual Maritime Foundation Maritime Media Awards. The award winning book was a biography, *Alan Villiers - Voyager of the Winds*, written by Kate Lance. Villiers was a passionate sailor, a prolific author, an accomplished photographer, and a Trustee of the Museum for over 30 years.

### **National Museums at Chatham**

The National Museums at Chatham project is led by Chatham Historic Dockyard Trust which is developing one of the listed buildings, No1 Smithery to consist of permanent galleries, a temporary display gallery, learning facilities, viewing access to historic elements of the building, collections stores and a collection study area. The National Maritime Museum will be moving its ship models from their currently unsatisfactory conditions and accessibility from its outstation store to the new collection store and it will assume responsibility for the stores and study area. At the same time the Imperial War Museum (IWM) ship models will also be moved to the same stores for reasons of storage efficiency, management and accessibility.

Ministerial approval to the terms of the lease between the NMM and Chatham Historic Dockyard is expected imminently. The occupancy of part of the premises by the IWM will be governed by a licence between the NMM and the IWM which is in the course of completion. These documents will be supported by a service level agreement between all three parties detailing the operational arrangements.

The galleries are due to open in mid July 2010, the ship model collections will be loaded into the repositories from September 2010 and it is anticipated that the Collections Research Area will open for public appointments from February 2011.

### **National Maritime Museum Cornwall**

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

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

The Trustees of the National Maritime Museum guaranteed a sum not exceeding £250,000 available to the NMMC during the period ending 21 October 2009, to cover shortfalls in partnership funding for the capital costs of the NMMC and the payment of running costs of the NMMC exceeding the income and reserves. NMMC invoked the guarantee in January 2004 and the full amount guaranteed has been paid.

In 2009-'10 the National Maritime Museum had a member of staff seconded to NMMC.

### **Youth Engagement**

The Youth Advisory Group is dedicating the majority of 2010 to the development of the *Asian Seas* gallery. In addition to participating in consultation on the interpretation of content, the group is actively contributing to the gallery by researching and producing a short film on the legacy of the East India Company, to be

shown in the gallery. The group is also planning a programme to attract young people (13 to 24 years) to visit and engage with the themes within the gallery.

### **London 2012**

During the year the London Organising Committee for the Olympic Games (LOCOG) re-sited the Equestrian arena from the lawns in front to the Queen's House to the Royal Park. Planning approval was given to LOCOG for the London 2012 Equestrian Events at the London Borough of Greenwich planning meeting held on 23 March 2010. LOCOG's application stated that the National Maritime Museum galleries are due to remain open during the period of the Games. The Museum continues to work closely with LOCOG as they move into the detailed design phase for the Equestrian venue.

### **Membership activity**

The annual *Sea Words* Literary dinner was held at the Trafalgar Tavern on 12 November 2009. Libby Purves recruited a dazzling array of performers for the evening including Peter and Dan Snow, the actress Diana Quick, and Tom Perham, the youngest person to circumnavigate the globe.

A Membership strategy for the period 2010 to 2013 is under development which aims to increase the number of members in those three years to coincide with the opening of the Sammy Ofer Wing. Membership remains at just under 2,000 member households. An increase in the number of families joining is closely linked to the offer of free admission to the Peter Harrison Planetarium.

### **Human Resources**

The Museum was the first national London museum to achieve the Investor in People accreditation back in 2001. It has continued to be re-accredited every three years since. In October 2009 the Museum again successfully completed the assessment and remains accredited as an Investor in People. As a result of the assessment the Museum has received some very positive and useful feedback.

Vocational training supported 25.5 % of staff, surpassing the Museum's target.

The Museum operates a sheltered placement programme which is designed to support individuals returning to work usually after a period of long-term unemployment. The placement provides the opportunity to get in to the routine of coming into work and also to gain some skills whilst on placement. To date the Museum has hosted 7 placements and 3 of the placements have moved into paid employment.

### **Volunteers**

At the end of March 2010 there were 108 volunteers working with the Museum, on a variety of projects and in a variety of roles. The volunteer group contributed over 16,000 hours to the Museum during the year. The volunteer team launched the first Volunteer Guided Tours in the main Museum on 7 April.

### **Visitor Services**

In May 2009 the Museum was re-accredited by the Visitor Attraction Quality Assurance Scheme.

### 3.4 effective **organisation** and sound financial management

Links to the DCMS objectives of: *Support talent and excellence in culture, media and sport* **and** *Realise the economic benefits of the Department's sectors*

*Activities and Achievements include:*

#### **Retail and Commercial**

During the course of the year the museum's wholly owned subsidiary, national Maritime Museum Enterprises Ltd achieved a turnover of more than £1.6 m (some 20% growth over the previous year) and the profit generated amounted to £419k which will be donated to the Museum by way of gift aid.

A new cross-museum commercial strategy group was established and held an initial workshop. The group will be the 'Gateway' for the generation and monitoring of new commercial activities throughout the Museum.

#### **Fundraising**

##### *Sammy Ofer Foundation*

On 27 March 2008 the Museum was delighted to announce that it had received a pledge of £20m from Sammy Ofer, the shipping magnate and philanthropist, towards the creation of a major new wing. The first funds from this donation were drawn down in 2009-'10. We welcome the relationship that has been established with the Sammy Ofer Foundation under whose control the funds are managed.

##### *Heritage Lottery Fund (HLF)*

The Museum has secured Grant Funding from HLF of £4.7m (covering development and implementation) for the Sammy Ofer Wing Project, of which £372k was drawn down in 2009-'10.

##### *Other Corporate Development*

The year 2009-'10 was a particularly difficult one for Fundraising at the National Maritime Museum. Income on all fronts was reduced, particularly in the corporate sector with many companies feeling the effects of the recession. Two corporate members, who were both implementing redundancy programmes, decided not to renew, and one chose to renew, but at a lower level. Income from trusts and statutory grants has also declined due to reduced income from investment funds, and the increased number of applications for support from other organisations.

A record number (over 100) sponsors and supporters attended our annual Winter Reception at the Mandarin Oriental on 3 February 2010.

We are very grateful to the loyal supporters that have been able and willing to support us during this time of financial uncertainty.

#### **Individual Giving**

All existing US and UK Patrons have renewed and Anthony Inder Rieden joined the Museum as a Life Patron. The Director visited the US for the opening of *Turmoil & Tranquillity*. This helped to renew US Patrons' membership and stimulate the recruitment of two new US Patrons

***Press and marketing:***

**125th anniversary of the Meridian line - October 2009**

The 125th anniversary of the ROG as the home of the Prime Meridian of the World received national, regional and local media coverage including the Metro, BBC website, BBC1's Saturday Kitchen and BBC London radio.

**International Year of Astronomy 2009**

The IYA programme of events received media coverage in national, regional and local media. *Sky at Night Magazine* ran a competition in conjunction with Tesco, offering souvenirs, a behind-the-scenes tour of the ROG and show viewings. The ROG also hosted a very successful Sci-fi-London Oktoberfest on 23 October with over 200 people attending.

Building on the media profile achieved during the International Year of Astronomy the ROG continues to be used across the media as a primary source of expertise and information on all matters astronomical.

**Solar Season**

The *Solar Season* media campaign began in February 2010, including a new exhibition in the Astronomy Centre, a new planetarium show and sun-themed talks and workshops. The season was programmed with groups of activities to provide a cohesive visitor offer. The campaign was particularly successful and the campaign artwork had a high impact on the London Underground.

**Health & Safety**

An emergency response desktop exercise was held on 20 October. Three test scenarios were developed in association with representatives from the London Fire Brigade. Key NMM staff participated alongside representatives from the Fire Brigade and Police. The session was received positively and learning points are being reviewed now by the Emergency Planning Group. Further live exercises and drills are to be set up in collaboration with the fire services to maintain this momentum as well as to ensure the positive links established via their contribution to this exercise are further developed.

A metal cross-member rod from a temporary barrier system became detached from the uprights and fell through the balustrades onto a table below before landing on the Great Hall floor in the Queen's House. Although no-one was hurt and no damage to the floor occurred this was a very serious near miss. Following investigation it was found that the Barrier system had been in use for approximately sixteen years without any problems of any nature and there was no indication that this situation would arise. However, the priority was to eliminate any future risk and so all similar barriers were immediately removed from the Queen's House. Risk assessments for objects falling from height and event activities have been reviewed in full since.

On 16 March 2010, a small fire broke out in a wood-working machine in an outstation workshop. Staff, however, quickly extinguished the fire which caused only minor damage to the machine and the workshop. The post-incident investigation reviewed the relevant service documentation and this confirmed that this was in line with the required annual service regime. However, as a consequence, fire risk assessments have been reviewed and updated and additional fire extinguisher training is being organized as a precautionary measure.

## Efficiency

The National Maritime Museum is operated efficiently and effectively; reforms over the last 10 years have seen it increase its outputs at a steady rate whilst its financial and workforce inputs have remained largely constant. Audiences have grown, both on-site and online, while the Museum follows a trajectory of continuous improvement as demonstrated in the table below:

<b>Key Data:</b>	2004-'05	2005-'06	2006-'07	2007-'08	2008-'09	<b>2009-'10</b>
Total Grant-in-Aid (GiA)	£15.7m	£15.1m	£16.8m	£18.2m	£19.3m <sup>1</sup>	<b>£18.983m<sup>1</sup></b>
All other incoming resources	£6.4m	£9.6m	£9.0m	£7.1m	£6.3m	<b>£8.55m</b>
FTE employees	408	420	407	400	412	400
Visits	1.533m	1.512m	1.633m	1.782m	2.089m	<b>2.395m</b>
Website visits	6.750m	8.218m <sup>2</sup>	9.171m <sup>2</sup>	9.710m <sup>2</sup>	9.710m <sup>2</sup>	<b>10.367m<sup>2</sup></b>
Total Users <sup>3</sup>	8.307m	9.743m	10.814m	11.503m	11.814m	<b>12.772m</b>
<b>Efficiency ratios:</b>						
Total Users per FTE	20,360	23,199	26,569	28,757	28,675	<b>31,930</b>
Total GiA £ per User	1.89	1.55	1.56	1.58	1.63 <sup>4</sup>	<b>1.49</b>
Revenue GiA £ per User	1.68	1.46	1.36	1.32	1.32	<b>1.25</b>
Total GiA £ per Visit	10.26	10.01	10.31	10.19	9.24	<b>7.92</b>
Revenue GiA £ per Visit	9.09	9.39	8.99	8.50	7.45	<b>6.67</b>

<sup>1</sup>. excluding restricted funds of £257k for Historic Ships Unit

<sup>2</sup>. after deduction of spiders/robots

<sup>3</sup>. includes collections and subject-related enquiries

<sup>4</sup>. due to increase of £1.1m in total Grant-in-Aid

## Sustainability and environmental impact

A sustainable development strategy group was set up within the Museum in 2008-'09. This group of senior managers looks at developing a long-term strategy for sustainability, with particular focus on the further integration of economic, environmental and resource sustainability.

The Museum's existing 'Green Champions' group has sought to build sustainable practice within the Museum and launched the 'Sustainable Solutions' competition for staff, which was an initiative to encourage sustainable practice.

Examples of sustainability-related works completed this year were:

- Upgrading lighting to the LTE reading room
- West Central Wing installation of T5 tube lighting
- West Central Wing thermal insulation works
- Energy Management System upgrade in the West Central Wing
- Buildings Energy Management System installation in the Queen's House

The Energy Performance Buildings Certificate displayed in the Main Museum gives an achieved rating of 'E'. This is our benchmark to improve against.

The Museum continues to promote high standards in its Energy Management.

Energy consumption this year has been extremely complex to analyse however for the following reasons:

1. With reference to ‘Degree Day Data’ the weather in 2009-'10 was much colder than the previous year typically resulting in a 2% to 4% rise in gas consumption.
2. Both the South and South West Wing were closed to enable construction of the Sammy Ofer Wing. These wings housed fully air conditioned galleries and therefore the closure of these wings has resulted in large reductions in gas and electricity usage but a rise in the amount of potable water used as boreholes became inaccessible due to the works.

During 2009-'10 electricity consumption reduced by 9.88% and gas consumption reduced by 18.19%. The majority of this reduction is due to the closure of the South and South West Wings with energy savings made during the year being offset by the colder than normal winter weather.

Looking forward, the Museum is building an Aquifer Thermal Energy Store, using two boreholes, to provide all of the heating and cooling needs of its new Sammy Ofer Wing project and refurbished South West Wing.

## PERFORMANCE

The following table shows the Museum’s 2009-'10 performance against the Performance Indicators listed in the Museum’s 2008-'11 Funding Agreement.

<b>Funding Agreement Performance Indicators</b>	<b>2009-10 Actual</b>	2008-09 Actual
Number of visits to the Museum	<b>2,395,493</b>	2,089,104
Number of unique website visits	<b>10,366,891</b>	9,710,240
Visits by children under 16	<b>444,261*</b>	463,181
Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	<b>114,148</b>	83,517
Number of visits by UK adult visitors aged 16 and over from an ethnic minority background	<b>139,786</b>	105,163
Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	<b>37,292</b>	40,827
Number of overseas visits	<b>1,271,875</b>	1,060,012
Number of facilitated and self-directed visits by children under 16 in formal education	<b>117,946</b>	105,522
Number of instances of children under 16 participating in on-site organised activities	<b>54,836</b>	54,940
Number of instances of children under 16 participating in outreach activity	<b>44,115</b>	24,226
Number of instances of adults aged 16 and over participating in organised activities	<b>129,025</b>	122,336

Number of instances of adults aged 16 and over participating in outreach activities	<b>32**</b>	538
% of visitors who would recommend a visit	<b>99%</b>	99%
Admissions income (includes Peter Harrison Planetarium)	<b>£527,751</b>	£337,827
Net contribution from trading prior to inter-company charges	<b>£1,363,811</b>	£1,252,590
Fundraising income from sponsors, private benefactors and/or charitable trusts used to support Museum activities	<b>£3,420,157</b>	£333,108
Of which: Sammy Ofer Wing fundraising income	Of which: <b>£3,160,000</b>	Of which: £0
Other fundraising income	<b>£260,157</b>	£333,108
Number of UK loan venues	<b>75</b>	77
% area of stores and galleries that are sustainably BS5454 compliant	<b>63% summer 51% winter</b>	51% summer 58% winter
Number of objects conserved	<b>1,067</b>	1,111
No. of peer-reviewed articles and publications	<b>19</b>	18
Number of research projects undertaken and ongoing	<b>11</b>	12

\* An undercount of child numbers occurred between August and February due to a temporary change in the method of counting employed.

\*\* Activity ceased following a reduction in staffing during the year.

The following tables show the Museum's performance against its internal management targets in the four areas of its responsibilities and objectives: Assets, Access, Stakeholders and Organisation.

<b>ASSETS</b>	<b>2009-10 Actual</b>	2008-09 Actual
Number of research papers given based on work in progress	<b>139</b>	125
Number of conferences	<b>2</b>	4
Number of objects assessed for conservation	<b>2,354</b>	2,534
Number of digitised images added to database	<b>3,560</b>	2,716
Value of buildings and infrastructure stewardship	<b>£1,093,632</b>	£1,179,815

<b>ACCESS</b>	<b>2009-10 Actual</b>	2008-09 Actual
Total Museum Users (includes site visits, web visits and research enquiries)	<b>12,772,049</b>	11,814,334
Number of visits by adults ages 16 and over	<b>1,951,232</b>	1,608,063
Number of public visits to the Peter Harrison Planetarium	<b>120,210</b>	85,468
Number of adult education contact student hours	<b>13,255</b>	11,539
Number of interpreted collection items made available online	<b>3,720</b>	5,687

Number of overseas loan venues	17	19
Number of collections-related and subject expertise enquiries	9,665	14,990

<b>STAKEHOLDERS</b>	<b>2009-10 Actual</b>	2008-09 Actual
Number of UK adult visitors from groups C2DE	170,355	115,901
% of visitors who found the Museum was at least satisfactory	100%	100%
Percentage of staff in vocational training	25.5%	27.0%
Number of training courses attended by staff	1,645	1,853
Number of partnerships and links	372	380

<b>ORGANISATION</b>	<b>2009-10 Actual</b>	2008-09 Actual
Revenue generated from fundraising and grants per visit	£2.13	£0.98
Non-grant income per visit	£1.49	£2.03
Events income	£241,656	£308,239
Corporate Membership and Corporate Loans income	£126,410	£145,748
Catering commission	£151,798	£169,434
Average number of days lost per employee through short term sick absence	4.5	5.3
Average number of days lost per employee through long term (over 30 days) sick absence	3.5	4.9
Average number of days lost per employee through sick absence – both short and long term.	8.0	10.2
Donation boxes revenue	£54,996	£72,899
Spend on energy	£495,610	£524,758
Number of Museum Members	2,039	1,934
Number of Volunteers	108	89

#### 4. FUTURE PRIORITIES

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

The Trustees and Executive held a strategy planning day on 22 May 2008 to review the Museum's aims, outcomes and strategies for the coming five years - the period incorporating the delivery and initial operation of the Sammy Ofer Wing Project and the 2012 Olympics.

The 2009-'14 period immediately ahead is a demanding one with the effects of the medium-term economic climate and restraint on Government spending impacting on the Museum's management of its resources. In addition to this financial context increasing the reliance we place on our own abilities to raise income, the outcome of the next funding round of 2011-'14 and the in-year reduction of Grant-in-Aid in 2010-'11 will influence whether or not all of the objectives in the plan can be delivered.

The Corporate Plan *Stimulating Curiosity* was developed by the Executive and Senior Management Team and it was endorsed by Trustees at their 19 February 2009 meeting.

An overview of the Plan at Strategic level follows below:

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

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

###### *Outcome:*

For people to have a greater understanding of British economic, cultural, social, political, imperial and maritime history and its consequences in the world today

###### *Strategies:*

- Realize the potential of the Sammy Ofer Wing to open up NMM's archival collections to researchers of all kinds and provide bespoke facilities for special exhibitions
- Work towards excellence through inter-disciplinary research that advances knowledge of our collections and subjects
- Place people's stories at the heart of our interpretation and link these to contemporary issues

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

###### *Outcome:*

To raise the Museum's reputation with its stakeholders and develop a confident, well-defined, outward-looking Museum with a world-wide reputation for quality, accessibility, originality and relevance

###### *Strategies:*

- Develop mechanisms that enable the Museum to increase the dialogue with stakeholders to provide improvements
- Promote the NMM as "your local museum"
- Create environments that invite the public to participate in a dialogue about our subjects and collections
- Create a new brand and brand perception

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

*Outcome:*

So that people are engaged and have greater respect for, and excitement about, our assets - the collection, the buildings and our expertise

*Strategies:*

- Demonstrate leadership in developing and implementing standards and good practice in security, conservation and collections management
- Maximise people's sense of the value of the estate by promoting appreciation of its architecture and history
- Use our expertise to make the full diversity of our collections more visible and accessible
- Advance the strategy for the estate, ensuring organisational efficiency, security and preservation of the collections
- Pursue modern ways of capturing and managing information and knowledge about the Museum and its collection

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

*Outcome:*

To develop a Museum that is financially, structurally and culturally able to realise its potential

*Strategies:*

- Increase revenue resources
- Implement the strategic plan and sub-strategies (eg HR Strategy, sustainability and process efficiencies)
- Imbue entrepreneurship across the Museum
- Maintain a culture high on trust, devolvement, development and communication
- Extend and increase staff expertise throughout the organisation - particularly financial, project and management skills

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

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

## **5. STATUTORY BACKGROUND, STRUCTURE, GOVERNANCE AND MANAGEMENT**

The founding legislation is the National Maritime Museum Act 1934 which established the National Maritime Museum and a Board of Trustees, who are a body corporate by the name of the Trustees of the National Maritime Museum. The 1934 Act was amended by the National Maritime Museum Act of 1989 and the Museums and Galleries Act of 1992. The 1989 Act gave the Trustees the power to acquire and dispose of land and property. Titles to the main Museum properties and the collection stores have been transferred to the Trustees (see note 11 to the accounts). The Museum occupies and operates the Royal Observatory under a Royal Warrant dated 23 March 2004.

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

### **Structure**

#### *National Maritime Museum*

Under the National Maritime Museum Act 1934, and as listed in Schedule 2 of the Charities Act 1993, referenced by the Charities Act 2006, the Trustees of the National Maritime Museum is an exempt charity.

#### *Trading Company*

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

The result for the year is a profit on ordinary activities before tax of £418,862 (2009: £428,458), the fall being more than accounted for by lower interest rates earned on money accumulated during the year.

The directors who served the company during the year were as follows:

Lord Sterling of Plaistow (Chairman)

N C L Macdonald

K Fewster

D R Philip

Under the provisions of the Memorandum and Articles of Association of the company, no person holding the office of director may hold any salaried position in the company or otherwise receive remuneration, and the entire share capital is owned by the National Maritime Museum, which is the ultimate parent company. The interests of the group directors are disclosed in the financial statements of the parent company.

#### *Trust Funds*

Management of the Trust Funds is by their Trustees who are members of the Finance Committee itself responsible to the Trustees of the Museum.

*The Caird Fund* was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment to generate income for the purpose and benefit of the National Maritime Museum.

*The Development Fund* and *The No 3 Trust Fund* were set up for the development and benefit of the National Maritime Museum.

### **Governance and Management**

The Board of Trustees of the National Maritime Museum has oversight of the production of the Museum's Corporate Plan, Funding Agreement, Management Plan and Budget that are prepared by the Director and the Executive. These documents set out the policy and resources framework within which the Museum discharges its duties and its key corporate and management objectives and targets.

The 2009-'14 Corporate Plan "Stimulating Curiosity" expresses its main future priorities - all of which deliver Public Value outcomes. See page 25 above for further information.

The 2008-'11 Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS) provides explicit and challenging statements of the underlying outputs and levels of performance that the Museum is required to deliver to achieve the Department's objectives.

The Board of Trustees, the Board of Directors of National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining systems of internal control. They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continues to review and update the existing systems (see the Statement on Internal Control on page 46) which the Boards and Accounting Officer believe to be appropriate for a public body. The systems of internal control 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 Board of Trustees has corporate responsibility for ensuring the Museum fulfils the aims and objectives set out in legislation and governing documents and are accountable to Parliament.

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 the Treasury.

The Museum is led and managed by the Director and the Executive with the support of the Senior Management Team and is structured to ensure delivery of the targets laid down in the Corporate Plan, Funding Agreement, the Management Plan 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 quarterly. The Executive monitors the performance of all major projects on a 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 Board of Trustees**

The Board has four plenary meetings a year, and usually one extended strategic planning session. There are five committees of the Board – Audit; Finance; Remuneration; Nomination; and Personnel. Two of these, the Audit Committee and the Finance Committee, meet quarterly.

A register of Trustees' relevant interests is maintained and is available for the public to inspect on request to the Museum Secretary. Trustees are not remunerated.

#### *Methods used to recruit Trustees*

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

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

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

In 2009-10, in accordance with the above procedure, two new Trustees were appointed, three Trustees were reappointed to a second term and three Trustees' terms ended.

#### *Procedures for induction and briefing of Trustees*

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

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

### **Audit Committee**

The purpose of the Audit Committee, a committee of the Board, is to give independent advice and guidance to the Board of Trustees and to the Accounting Officer on the adequacy of audit arrangements and on the implications of assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects Government Internal Audit Standards and the code of practice on Audit Committees issued by the Treasury.

The Chairman of the Audit Committee makes an annual summary report to the Board of Trustees and signs the Statement on Internal Control as the representative of the Board.

### **Internal Audit**

The Museum engages an external company to provide an internal audit service, in accordance with the current Government Internal Audit Standards, which reports to the Audit Committee and Accounting Officer. Internal controls and systems are reviewed in accordance with the annual internal audit plan. The Audit Committee agrees the plan, and the results of the reviews (including progress against previous recommendations) are reported quarterly in detail to the Executive, the Audit Committee and annually in summary to the Board of Trustees.

### **Risk Management**

The Museum views risk management as an active part of the management processes and operates a system of risk identification, assessment, addressing, reviewing and reporting in line with HM Treasury's *Management of Risk – Principles and Concepts*. Please see the Statement on Internal Control on page 46 for further details.

Significant projects such as the Sammy Ofer Wing are subject to the Gateway Review process. Prior to the start of the project, the Museum and the Gateway Review Team carried out a Risk Potential Assessment and agreed a Medium risk rating. A Gateway 3 Review, *Investment Decision*, was undertaken in September 2009 giving an amber assessment.

### **Managing Information Risk**

The Museum is not aware of suffering any protected personal data incidents during 2009-'10 or prior years and has made no report to the Information Commissioner's Office.

### **Employment policies**

The National Maritime Museum values the diversity of its workforce and upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age. 11.3% of the Museum's employees are BME. The Museum holds the Employment Service's Disability Symbol. In 2009-'10, 8.2% of staff employed by the Museum (5.2% in 2006-'07, 7.2% in 2007-'08, 8.5% 2008-'09) considered themselves to have a disability. The Museum has in place Disability and Gender Equality Schemes for both staff and service provision and a single Equality Scheme will be adopted early in the next financial year. A number of sheltered placement and other work experience initiatives are under way. The Museum has an active volunteer programme and appointed a volunteer manager this year. The increase in numbers of volunteers and in volunteer hours is already in evidence. The Museum also undertakes secondments and exchanges both internally and externally at home and overseas.

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 just over 6% are aged over 65. At the sector level, the Director of Human Resources co-chairs the National Museum Directors' Conference's (NMDC) HR Forum and is involved in a number of seminars examining best practice in our sector. He also chaired the Museums, Libraries and Archives Council's (MLA) Take the Lead programme steering group.

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 re-accreditation in 2003, 2006 and again in October 2009.

In 2009-'10 the average number of days lost per employee through short term sick absence was 4.5 days (2009: 5.3) whilst the average number of days lost per employee through long term (over 28 days) sick absence was 3.5 days (2009: 4.9).

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

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

### **Organisational Communication**

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

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

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

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

*Team Briefing* - the principal method used by the Museum to pass on information to all employees is team briefing. The cycle begins in the first week of every month with the briefing document compiled by HR. Each Director is then tasked with briefing their Managers who in turn pass the information on to their teams. By the end of the next week everyone in the Museum should share the same information. The briefing document also appears on the Intranet.

*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.

*Trade Unions* – Since December 2006 the Trade Unions Prospect and PCS have been recognised for the purposes of collective bargaining on pay, hours and holidays. A Joint Negotiating Body has been set up for this purpose and meets as and when required with a formal agenda and published minutes of meetings.

### **Health and Safety**

It is Museum policy to assign great importance to the safety of employees 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 safety committees is acknowledged.

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

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

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

Relationships with the Shell Shipping Health and Safety team have proved to be particularly beneficial, and tools such as their Risk Assessment Matrix, as well as their wider knowledge and experience, continue to be of great use.

**External Audit**

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2009-'10 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Baker Tilly UK LLP undertake the audit of National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £52k comprising £37k for the consolidated accounts audited by the National Audit Office and £15k for the Trust Funds and NMME audited by Baker Tilly UK Audit LLP.

**Presentation**

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

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

The Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

**Consolidated Accounts**

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

## **6. Remuneration Report**

### **Introduction**

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

### **Function of the Remuneration Committee**

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

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

### **Membership**

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

Nigel Macdonald (Chairman)  
Councillor Jagir Sekhon, OBE  
Admiral the Lord Boyce GCB, OBE, DL

Ex officio Officer: Dr Kevin Fewster, AM, FRSA (Director)  
Secretary: Joanne Odle, Chartered MCIPD  
Advisers: Brian McEvoy  
Alan Hurst

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

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

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

### **Performance Assessment**

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

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

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

### Service Contracts

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

### 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 National Maritime Museum operates two defined contribution pension schemes; a group personal pension scheme and the Civil Service Pension Schemes full details which are given in note 8 to the accounts.

The emoluments were as follows (*information subject to audit*):

	2009-'10		2008-'09	
	Remuneration (£'000s)	Employer's pension contributions (£'000s)	Remuneration (£'000s)	Employer's pension contributions (£'000s)
Dr Kevin Fewster Director & Accounting Officer	115-120	10	105-110	10
Dr Margarette Lincoln Deputy Director	90-95	*	95-100	*
Andy Bodle Director, Operations and Human Resources	80-85	*	80-85	*
Angela Doane Director, Collections	75-80	6	70-75	7
David Philip Director, Finance & Enterprises (appointed 1 January 2009)	85-90	8	20-25	2
Sarah Roots Director, Royal Observatory Greenwich (appointed 5 November 2008)	65-70	6	25-30	1
Kevin Sumption Director, Exhibitions & Programmes (appointed 15 September 2008)	70-75	6	40-45	2
Geoff Gibbs Interim Director, Finance & Enterprises (4 August 2008 to 6 Jan 2009)	-	-	20-25	-
Norman Reed Director, Finance and Enterprises (until 20 October 2008)	-	-	65-70	4

### Benefits in Kind (included above)

Name	2009-'10 £'000s	2008-'09 £'000s
Kevin Sumption Director, Exhibitions & Programmes	-	6

The benefits in kind for Kevin Sumption arose from his relocation to the UK from Australia.

Norman Reed was Director of Finance and Enterprises until the 20 October 2008. In addition to the above remuneration he received a compensation payment of £72,400 under a severance agreement dated the 14 July 2008 which was duly authorised by the Trustees, the Department for Culture Media and Sport and HM Treasury.

Dr Margarette Lincoln's remuneration for 2008-'09 reflects the period when she was Acting Director of the Museum.

\*All directors are members of the group personal pension scheme other than Dr Margarette Lincoln and Andy Bodle who are members of the Civil Service Pension Schemes and whose entitlement is as follows:

	Real increase in pension since 31 March 2009 ('000)	Pension at 31 March 2010 ('000)	Lump sum at 31 March 2010 ('000)	Real increase in lump sum since 31 March 2009 ('000)	CETV# at 31 March 2009 ('000)	CETV# at 31 March 2010 ('000)	Real increase in CETV# funded by employer ('000)
Andy Bodle	0-2.5	25.0-27.5	80-82.5	2.5-5.0	433	485	22.5-25.0
Margarette Lincoln	0-2.5	25.0-27.5	77.5-80.0	5.0-7.5	518	586	27.5-30.0

### # Cash Equivalent Transfer Value (CETV)

A CETV is a lump sum value in today's terms of the rights accruing within a member's pension scheme. It assumes a member is leaving service and makes a pension transfer of the pension fund to an alternative pension arrangement. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The pension figure shown relates to the benefits the member has accrued as a consequence of total service not just the current appointment.

### Real Increase in CETV

This reflects the increase in CETV effectively 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 evaluation factors for the start and end period.

Lord Sterling  
Chairman of the Board of Trustees  
5 July 2010

Kevin Fewster  
Director and Accounting Officer  
5 July 2010

## 7. REFERENCE AND ADMINISTRATIVE DETAILS

Patron: HRH The Duke of Edinburgh KG KT  
Chairman of the Board of Trustees: The Rt Hon The Lord Sterling of Plaistow GCVO CBE  
Director and Accounting Officer: Dr Kevin Fewster AM  
Principal address: National Maritime Museum  
Romney Road  
Greenwich  
London SE10 9NF

Website: [www.nmm.ac.uk](http://www.nmm.ac.uk)

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

During 2009-'10 the Board of Trustees were:

Lord Sterling of Plaistow GCVO, CBE, Chairman                      reappointed on 5 April 2009

and in order of first appointment:

His Royal Highness The Duke of York KG KCVO ADC	to 14 June 2009
Professor Dame Jocelyn Bell Burnell DBE FRS FRSE	to 4 December 2009
Professor Martin Daunton FBA	to 13 February 2010
Councillor Jagir Sekhon OBE	
Nigel Macdonald	
Jan Kopernicki	
Mrs Gilly Drummond OBE DL	
Sir John Guinness CB	
Admiral the Lord Boyce GCB OBE DL	
David Moorhouse CBE	reappointed on 28 October 2009
Dr David Quarmby CBE	reappointed on 28 October 2009
Linda Hutchinson	
Sir Robert Crawford CBE	

Appointments since the year end are:

Eleanor Boddington	appointed on 8 April 2010
Professor Geoffrey Crossick	appointed on 8 April 2010

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

### **The Executive**

During 2009-'10 members of the Executive were:

Dr Kevin Fewster AM	Director and Accounting Officer
Dr Margarete Lincoln	Deputy Director
Andy Bodle	Director, Operations and Human Resources
Angela Doane	Director, Collections
David Philip	Director of Finance and Enterprises
Sarah Roots	Director, Royal Observatory, Greenwich
Kevin Sumption	Director, Exhibitions and Programmes

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

***Other relevant organisations:***

**External Auditors of National Maritime Museum**

Comptroller & Auditor General  
National Audit Office  
157 Buckingham Palace Road  
Victoria  
London SW1W 9SPS

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

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

**Internal Auditors**

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

**Bankers**

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

HSBC  
275 Greenwich High Road  
Greenwich  
London SE10 8NF

**Legal advisers**

CMS Cameron McKenna  
Mitre House  
160 Aldersgate  
London EC1A 4DD

**Investment Advisors**

Jupiter Asset Management Limited  
1 Grosvenor Place  
London SW1X 7JJ

## **8. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2009-'10**

### **Government**

The Department for Culture Media and Sport  
The Heritage Lottery Fund  
The Department for Children, Schools and Families

### **Major Donors**

The Sammy Ofer Foundation  
The DCMS/Wolfson Foundation Museums and Galleries Improvement Fund  
Lloyd's Register Educational Trust  
Science & Technology Facilities Council  
The Peter Harrison Foundation

### **Donors**

Arts Council England, The Friends of the National Maritime Museum, Charles Hayward Foundation, The Inchcape Foundation, The Leathersellers' Company Charitable Fund, The Poppy Centre, The Royal Society, The Sackler Foundation.

### **Bequests**

Jack Cooper, Peter Alastair, Howard Glover.

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

Dayton Carr, Stephan Frank, C Richard Carlson, Gary & Beth Glynn, Lee MacCormick Edwards & Michael Crane, Howard & Patricia Lester, Terez Rowley, David Wells, The Gladys Kriebel Delmas Foundation, The John Templeton Foundation.

### **Sponsors**

The Crown Estate, The Swire Charitable Trust, Maritime & Coastguard Agency.

### **Corporate Members**

Accor UK, BMT Group Ltd, BP Shipping, Braemar Seascope, Clarksons, Evergreen Shipping Agency (UK) Ltd, General Maritime Corporation, Ince & Co, Liberty Syndicates, Lloyd's Register, Shell International Trading and Shipping Co. Ltd, The Baltic Exchange.

### **Corporate Loan Holders**

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

### **Life Patrons**

William Falconer, Anthony Inder Rieden.

### **Patrons**

Terence Cuss, Lady Shauna Gosling, Peter Linstead-Smith, John Manser, Clive Richards OBE DL, Patricia Rothman, David Wells.

**Honorary Commodores** – awarded for outstanding support and commitment to the Museum: Sir David Attenborough OM; Mr Victor Benjamin; Mr Richard Carlson; Professor Martin Daunton, BA; Sir David Hardy; Mr Peter Harrison; Mr Zvi Meitar M Jur; Sammy Ofer KBE; Libby Purves OBE; Dr David Quarmby CBE; Lord Rees of Ludlow; Professor NAM Rodger FBA; Dr Mortimer & Mrs Theresa Sackler; Mrs Coral Samuel CBE; Mr Peter Snow CBE; Dava Sobel; Dr David Starkey; Sir Arthur Weller CBE; Lord Wolfson of Marylebone; Susan T Zetkus.

**Donors to the Collection**

During the year artefacts were donated, bequeathed or given in lieu of tax to the Museum by the following: John Alcock; Pam Arnold-Forster; Jacqueline Cooper; Alan Collis; Susan Custance; Tracy Edwards; Richard Farnfield; Ben Gaze; Frank Gilbert; Commander L L Grey; Keith Herriman; Robert Holderness-Roddam; Edward Horne; John D. Horrell; Michael S. Igglesden; Derek P. Ings; John Iredale; C.W. Kellock & Co; Lady Kennet; Keith Langdale-Brown; Maritiem Museum Rotterdam; Anne Miller and Yaniv Tayari; Russell Phillips; Mrs. J. Rutter; Doreen Scotland; Mark Thres; Barbara Tomlinson; June Mary Vince; Charles J. Warner; Captain John R. Williams; Yachting Press Ltd.

To all of whom the Trustees are very grateful.

## 9. FINANCIAL REVIEW

### **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 £19.24m received in the year, £257k was allocated to the Historic Ships Unit and £3m to the Sammy Ofer Wing project. Following 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.

### **Result for the year**

The Museum had a surplus at Net Incoming Resource level of £5.9m which includes non-government income of £3.2m used to fund the development of the Sammy Ofer Wing. After adjusting for the revaluation of land and buildings (£8.8m), the unrealised gain on investments (£960k) and the realised loss on foreign currency (£14k) the resulting movement is a deficit of £1.9m (2008-'09: surplus of £1.1m).

The Museum's trading and other commercial activities performed well in a difficult economic climate – the corporate events market and sponsorship were particularly badly affected – but overall income was up by £365k, helped by increased admissions to the Peter Harrison Planetarium, strong retail sales in the shops and new offerings such as the audio guides.

Investment income, representing interest earned, was down £436k (67%) on 2009, reflecting the continuing economic conditions. Further detail of the Museum's investment policy is given below.

Total resources expended in the year amounted to £21.9m, a reduction of £652k on last year as the museum adjusted its operational cost base in light of reduced investment income and general donations.

### **Trading subsidiaries**

The Museum owns 100% of the share capital of National Maritime Museum Enterprises Ltd (NMME) which carries out commercial trading activities on behalf of the Museum. For the year ended 31 March 2010 the company generated a profit of £419k which will be gift aided to the Museum.

### **Reserves and Reserves Policy**

Annually the Trustees review and approve the level of readily available (ie free) reserves appropriate to the scale, complexity and risk profile of the Museum. This review takes into consideration the Museum's funding sources, 69% of which comes directly from Grant in Aid from the DCMS. The level of reserves is set to provide a 'contingency' for a shortfall in income from the Museum's other funding sources and any cash flow risks (whether timing or otherwise) on major capital projects, the collections development programme or other unforeseen liabilities. During the course of the year the budgets are reviewed on a quarterly basis and adjustments made to reflect changing circumstances and priorities.

At 31 March 2010 total funds amounted to £109.2m compared to a balance of £111.2m at 31 March 2009. The fall in funds reflects the impact of the revaluation of land and buildings at year end, offset by the surplus referred to above and the capital investment in general fixed

assets (£476k), the acquisition of land relating to the Sammy Ofer Wing (£505k) and the construction of the Sammy Ofer Wing itself (£6.8m).

In the year ended 31 March 2009 the Trustees agreed that £3.5m, formerly held within the General Reserve, should be designated to fund the Museum’s Galleries Masterplan with the new Wing and related facilities and the changes to the buildings that result, it becomes imperative to renew the permanent galleries, some of which are more than 10 years old. Since then the Museum’s management has been in active discussion with the DCMS for permission to access this designated reserve in 2010-11 and beyond to fund this programme. Permission has not yet been granted. In the meantime this programme continues to be developed, with expenditure deferred where possible or approved at key stages by the Finance Committee, until permission is granted.

This transfer meant that the General Reserve balance at 31 March 2009 reduced to £1.8m, which was deemed to be adequate. Although there is no specific target in place it remains the Trustees’ objective to bolster this figure still further. The General Reserve balance at year end had increased to £2.1m.

The split of Reserves can be summarised as follows:-

	£
Funds representing endowments to the Museum by way of heritage assets, gifts, grants, donations and amounts held in the Caird and No.3 Trust Fund	65.6m
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 <sup>st</sup> March 2010	11.4m
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	4.6m
Funds representing assets acquired by way of gifts/donations or use of the Museum’s core grant-in-aid	14.0m
Designated funds for a specific project or purpose in the future including the Galleries Masterplan	11.5m
Unrestricted (free reserves) over which there are no restrictions or specific future spending intentions	<u>2.1m</u>
	<u>109.2m</u>

Full details of these funds and their purpose are given in Notes 21, 22 and 23 to 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 purpose funds, 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 accounts of donors' requirements where funds have been donated to the Museum for specific purposes. The investments are held as units in a variety of funds managed by Jupiter Asset Management Limited. During the year the Finance Committee reviews the investment strategy previously adopted of a three way split of investment balances between cash, international equities and bonds and adjusts this split as necessary.

Although our interest income has greatly reduced as a result of economic conditions, the investment performance this year has greatly improved compared with the previous year with the Funds showing average growth of 47%, in line with the growth shown by the Financial Times All Share Index. At 31 March 2010 the value of the Funds stood at £3.95m compared to £2.69m at 31 March 2009.

The Museum also holds cash and money market deposits from donations and accumulated unrestricted income amounting to £12.8m, but the majority of these funds are held against known or designated future commitments. Given this and the fact that the Museum's primary source of income is Grant in Aid there is little risk of liquidity or cash flow problems. Credit risk is also deemed to be immaterial.

#### **Fixed Assets (other than Investments)**

At 31 March 2010 the main Museum, Royal Observatory, Greenwich, the Brass Foundry and Kidbrooke sites were all revalued by external valuers, Gerald Eve, Chartered Surveyors. The result of this revaluation was a reduction in the net book value of the land and buildings of £10.5m of which £1.7m is recognised as depreciation for the year 2009-'10 and £8.8m as a revaluation loss in the Consolidated Statement of Financial Activities. Note 11 gives full details of Tangible Fixed Assets.

The Museum does not have ownership of the freehold to either the main Museum site or the Royal Observatory Greenwich and accordingly the site and buildings at Greenwich have no realisable value to the Museum.

The investment in the Sammy Ofer Wing was £6.8m in the year ended 31 March 2010, bringing the total to £10.0m, and is shown as an asset under construction.

During the course of the year the Museum purchased heritage assets amounting to £125k.

#### **Donations in kind**

During the year artefacts to the value of £291k (2008-'09: £112k) were donated or bequeathed to the Museum.

#### **Pension liabilities**

The Museum operates two defined contribution pension schemes: a group personal pension scheme and the Civil Service Pension Scheme; the latter is closed to new entrants.

Details of the Museum's liabilities under the schemes are given in Note 8 of the Accounts.

**Payment of suppliers**

The Museum pays its suppliers on average within 27 days, calculated using the year end figures of amount owed to trade creditors as a proportion of the amount invoiced by suppliers during the year. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

**Going Concern**

On 25<sup>th</sup> May 2010 the Museum was advised that its Grant in Aid for the year 2010-'11 from the Government would be cut by 3%. The Executive Board has taken the appropriate action to reduce costs and ensure that a reduction of this level will not materially affect the financial stability of the Museum. The Trustees, therefore, are of the opinion that it is appropriate for the accounts to be prepared on a going concern basis.

Lord Sterling  
Chairman of the Board of Trustees  
5 July 2010

Kevin Fewster  
Director and Accounting Officer  
5 July 2010

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

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees of the National Maritime Museum is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared to show 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:

- observe the accounts direction\* issued by the Secretary of State for Culture, Olympics, Media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- 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 and for the keeping of proper records, are set out in Chapter 3 of *Managing Public Money* by the Treasury.

So far as the Accounting Officer and the Board are aware, there is no relevant audit information of which the Museum's auditors are unaware, and the Accounting Officer and the Board have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

Lord Sterling  
Chairman of the Board of Trustees  
5 July 2010

Kevin Fewster  
Director and Accounting Officer  
5 July 2010

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

## 11. STATEMENT ON INTERNAL CONTROL

### 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 the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under "*Managing Public Money*" and the Management Statement and Financial Memorandum between the Museum and the Department for Culture, Media and Sport (DCMS).

The Museum has a three-year Funding Agreement with its Government Sponsor Body, the DCMS, which includes targets to assist the Department in meeting its Public Service Agreement targets and identifies the most significant risks to achieving the Museum's objectives. Progress against Funding Agreement targets is monitored by the Museum at least twelve times a year and through various mechanisms through the year by the Department. There is a regular dialogue by the Accounting Officer and his Executive Team with officials at DCMS.

### 2. The purpose of the system of internal control

The Museum's system of internal control is designed to manage risk at a reasonable level consistent with the Museum's policies, aims and objectives. It is not designed to focus on the elimination of risk and the system can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the National Maritime Museum for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

*The Museum's* policy aims to manage risk at a reasonable level to achieve and add value to its mission, responsibilities, objectives and policies. It cannot eliminate all risk of failure but it does aim to eliminate surprises, and to reduce risks to as low a level as is reasonably practicable.

*The Board of Trustees* monitors the significant risks to achieving the Museum's strategic goals at each of its quarterly meetings. The Audit Committee gives independent advice and guidance to the Accounting Officer and the Board of Trustees on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and internal control in the Museum. The Audit Committee also reviews the work plan of the internal auditors before work is carried out and then reviews the resulting findings and recommendations and follow up by management to those recommendations. The remit of the Audit Committee reflects the Government Internal Audit Standards and Cabinet Office guidelines.

*The Director (Accounting Officer)* has responsibility for leading and managing the work of the Museum in achieving its mission and proposing strategies to meet its objectives and uphold its values; he reports to the Board of Trustees of the National Maritime Museum.

*The Director of Finance and Enterprises* is responsible for sponsoring and coordinating effective risk management procedures throughout the Museum.

*Executives* confirm his/her agreement to the Statement on Internal Control, and provide an annual assurance statement that confirms she or he has acted within the rules and procedures laid down by Government for the operation of a public body and have sought to maximise value for money in all transactions.

*Managers and specialist staff* are trained to identify, evaluate and manage risk via workshops and a practical module on the Museum's management development courses.

*The Risk Advisory Group*, comprising representatives from each Department in the Museum, provides appropriate support and guidance to staff in the use of the Risk Management Policy Framework which is available to all staff via the intranet.

*External Consultants* provide the Museum with specific advice in the identification and management of risks in relation to its major capital building project, the Sammy Ofer Wing.

*An Internal Audit service*, operating to the *Government Internal Audit Standards* submits regular reports and provides advice to the Accounting Officer and the Audit Committee. This includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year.

#### **4. Risk and Control Environment**

##### *Risk Management Policy*

As part of the process of continuously improving the management of risk during 2009-'10 the Museum's Risk Management Policy was updated to reflect current best practice. The Revised Policy was endorsed by the Audit Committee and Trustee Board in November 2009. The Policy states:

*"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 is essential if risk management is to be effective.*

*Risk Management is of strategic importance to the Museum. The management of risk at strategic and operational levels needs to be integrated so that the levels of activity support each other. In this way the risk management strategy of the Museum will be led from the top and embedded in the Museum's normal working routines and activities. All staff should be aware of the relevance of risk to the achievement of their objectives and risk management should be an intrinsic part of the way the Museum conducts its business.*

*For the Museum to progress and improve as an organisation risks will need to be taken. However, these must be measured risks i.e. risks that have been assessed*

*and appropriately managed so that the benefits outweigh any potential loss or damage.”*

### *Risk Appetite/Tolerance*

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

- When considering threats risk appetite defines the level of exposure to risk which the Museum can either justify or tolerate in pursuit of its objective and then comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure and finding the appropriate balance
- When considering opportunities risk appetite defines how much the Museum is prepared to put at risk in order to obtain the benefits of the opportunity and then comparing the value (financial or otherwise) of potential benefits against the potential loss.

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

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

### *Identification and Evaluation*

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

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

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

At the corporate level strategic risks are identified, revalidated and 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 on to the Trustee Board, again quarterly.

### *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 Divisional Plans.

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

#### *Oversight and Monitoring*

The Museum views internal controls and risk management as an integral part of the management process and continues to develop and embed these systems and practices in line with the latest guideline and best practice.

The Accounting Officer and Executive review performance against operational budgets and objectives, and risks to achieving that performance, on a quarterly basis using a system of key performance established in the Funding Agreement and Divisional Plans. The Executive also review on a weekly basis emerging risks and opportunities.

Quarterly reports from the Executive on these matters are made to the Trustee Board, Audit and Finance Committees.

Developments in internal control made in 2009-'10 included:

- A complete revision of the Risk Management Policy Framework agreed by the Trustees in November 2009 together with the establishment of a Risk Advisory Group to champion risk across of the Museum Departments and provide training/workshops for managers.
- Establishing new monthly management financial reporting systems including the introduction of quarterly reviews of budgets/forecasts.
- The Museum's procurement framework and authorisation procedures have been reviewed and simplified guidelines issued to staff.
- A review of HMG Security Policy Framework has been carried out as a result of which a revised Information Security Policy has been adopted. A records manager has been appointed and an action plan prepared to improve information security.
- A formal register of losses and compensation payments has been established and will be reviewed by the Audit Committee on a quarterly basis.
- Staff access to the Museum's policies, procedures and guidance manuals has been improved by the creation of a new section on the Museum intranet.
- Where appropriate the above procedures are subject to independent internal audit.

Developments planned for 2010-'11 include:

- Further training/ workshops for appropriate staff to embed the new risk management systems.
- Updating and simplifying the Museum's procurement manual.
- Integration of the various operational/risk management financial planning processes for exhibitions and permanent gallery development.
- Following a review by internal audit in March 2010, an information management improvement plan will be implemented and related policies reviewed. Training for appropriate staff will be instituted based on these recommendations.
- A rolling programme to review and update the Museum's policies, procedures and guidance manuals will be instituted.

## 5. Review of Effectiveness

### *Responsibilities*

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for reviewing the effectiveness of the systems of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. Our review has also been informed by participating in the oversight of the effectiveness of the system of internal control carried out by the Trustee Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### *Internal Audit*

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

Following the review of GIAS (effective from 7 April 2009), a charter defining the purpose, authority and responsibility of internal audit was agreed between the internal auditors, the Accounting Officer and the Audit Committee on 30 July 2009.

The annual internal audit work programme takes a risk assessment approach and is agreed annually by the Audit Committee. At the quarterly Audit Committee meetings the internal auditors present their reports including their opinion on the adequacy and effectiveness of the system of internal control, recommendations for improvement and management's response to those recommendations. Reports are also given on the progress against recommendations made in previous reports.

The internal auditors also provide an annual statement of assurance to the Accounting Officer and the Trustee Board on the work performed in the year.

During 2009-'10 the work carried out covered:

- Project management of the new Sammy Ofer Wing
- Management of risks to the delivery of our exhibitions programme
- Core financial controls
- Review of the updated risk management policy framework
- Financial management reporting processes
- System for managing grants, donations and treasury management
- Security policy framework

Whilst there are matters arising from the reviews, internal audit has confirmed that there are no serious control weaknesses arising from their work, which requires disclosure in the statement on internal control. Management is addressing all matters arising and recommendations made during the year. The implementation of all recommendations is monitored and reported to the Museum's Audit Committee.

**6. Managing Information Risk**

The Museum is not aware of suffering any protected personal data incidents during 2009-'10 or prior years and has made no report to the Information Commissioner's Office.

**7. Significant Internal Control Problems**

We are able to confirm that there have been no significant internal control problems in the National Maritime Museum for the year ended 31 March 2010, and up to the date of this report.

Kevin Fewster, Director and Accounting Officer

5 July 2010

Nigel Macdonald, Chairman of the Audit Committee

5 July 2010

## **12. 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 2010 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board of Trustees, Accounting Officer and auditor**

The Board of Trustees and Director as Accounting Officer are responsible for preparing the Trustees and Accounting Officer's Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury and for ensuring the regularity of financial transactions funded by Parliamentary grant and grant-in-aid. These responsibilities are set out in the Statement of the Responsibilities of the Board of Trustees and the Director as Accounting Officer.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury. I report to you whether, in my opinion, the information, which comprises the Review of Activities, Achievements and Performance 2009-10; Future Priorities; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Results for the Year and Other Financial Information, included in the Trustees and Accounting Officer's Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliamentary grant and grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Maritime Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the National Maritime Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Maritime Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees' and Accounting Officer's Annual Report and consider whether it is consistent with the audited financial statements. This

information comprises the Chairman's Foreword; Directors Introduction; Museum Background; Mission, Responsibilities, Objectives and Values; Supporters of the National Maritime Museum and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Maritime Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliamentary grant and grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury, of the state of the National Maritime Museum and the Group's affairs as at 31 March 2010 and of its incoming resources and application of resources of the Group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury; and
- information, which comprises the Review of Activities, Achievements and Performance 2009-10; Future Priorities; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Results for the Year and Other Financial Information, included within the Trustees and Accounting Officer's Annual Report, is consistent with the financial statements.

**Opinion on Regularity**

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliamentary grant and grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
12 July 2010*

**Consolidated Statement of Financial  
Activities for the year ended 31 March 2010**

<b>Incoming Resources</b>	Note	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>Total 2010 £'000</b>	<b>Total 2009 £'000</b>
<b>Incoming Resources from Generated Funds</b>						
Voluntary Funds						
- Grant in Aid		18,983	257	-	19,240	19,570
- Other		44	4,564	-	4,608	1,847
Total Voluntary Funds	3	19,027	4,821	-	23,848	21,417
Activities for Generating Funds						
- Trading Income	4	2,167	-	-	2,167	1,993
- Other	5	837	88	-	925	734
Total Activities for Generating Funds		3,004	88	-	3,092	2,727
Investment Income	6	204	3	12	219	655
<b>Total Incoming Resources from Generated Funds</b>		<b>22,235</b>	<b>4,912</b>	<b>12</b>	<b>27,159</b>	<b>24,799</b>
<b>Incoming Resources from Charitable Activities</b>						
Safeguarding & Enhancing the value of its Assets		362	25	-	387	351
Maximising Access & Inspiration for its Users		21	-	-	21	78
Satisfying its Stakeholders; Locally, Nationally & Internationally		19	200	-	219	636
<b>Total Incoming Resources from Charitable Activities</b>	7	<b>402</b>	<b>225</b>	<b>-</b>	<b>627</b>	<b>1,065</b>
<b>Total Incoming Resources</b>		<b>22,637</b>	<b>5,137</b>	<b>12</b>	<b>27,786</b>	<b>25,864</b>
<b>Resources Expended</b>						
<b>Cost of Generating Funds</b>						
Costs of Generating Voluntary Funds		1,182	-	-	1,182	1,064
Costs of Activities for Generating Funds						
- Trading Costs	4	803	-	-	803	771
- Other		1,663	-	-	1,663	1,227
Total Costs of Activities for Generating Funds		2,466	-	-	2,466	1,998
Investment Management Costs		40	1	1	42	33
<b>Costs of Charitable Activities</b>						
Safeguarding & Enhancing the value of its Assets		12,516	1,794	-	14,310	14,872
Maximising Access & Inspiration for its Users		2,378	305	-	2,683	2,857
Satisfying its Stakeholders; Locally, Nationally & Internationally		711	332	10	1,053	1,576
<b>Governance Costs</b>	9	<b>171</b>	<b>-</b>	<b>-</b>	<b>171</b>	<b>159</b>
<b>Total Resources Expended</b>	8	<b>19,464</b>	<b>2,432</b>	<b>11</b>	<b>21,907</b>	<b>22,559</b>
<b>Net Incoming Resources before transfers</b>		<b>3,173</b>	<b>2,705</b>	<b>1</b>	<b>5,879</b>	<b>3,305</b>
<b>Transfers</b>						
Transfers between funds	21,22	3,245	(3,245)	-	-	-
<b>Net Incoming Resources before other Recognised Gains and Losses</b>		<b>6,418</b>	<b>(540)</b>	<b>1</b>	<b>5,879</b>	<b>3,305</b>
<b>Other Recognised Gains and Losses</b>						
Revaluation Gain/(Loss) on Fixed Assets		-	(8,747)	-	(8,747)	(1,484)
Gain/(Loss) on Investments		879	12	69	960	(765)
Gain/(Loss) on Foreign Currency Exchange		(14)	-	-	(14)	59
Cost of Capital Charge	2	(2,319)	-	-	(2,319)	(2,373)
<b>Net Movement in Funds including Other Recognised Gains and Losses</b>	10	<b>4,964</b>	<b>(9,275)</b>	<b>70</b>	<b>(4,241)</b>	<b>(1,258)</b>
Reversal of Cost of Capital Charge	2	2,319	-	-	2,319	2,373
Deconsolidation of The American Fund		-	(24)	-	(24)	-
<b>Total net movement in funds</b>		<b>7,283</b>	<b>(9,299)</b>	<b>70</b>	<b>(1,946)</b>	<b>1,115</b>
<b>Funds balance brought forward at 1 April 2009</b>		<b>22,037</b>	<b>88,642</b>	<b>546</b>	<b>111,225</b>	<b>110,110</b>
<b>Funds balance at 31 March 2010</b>		<b>29,320</b>	<b>79,343</b>	<b>616</b>	<b>109,279</b>	<b>111,225</b>

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £419,000 (£429,000 - 2009) as Gift Aid to the Charity.

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

The notes on pages 58 to 71 form part of these accounts.

**Balance Sheets as at 31 March 2010**

	Note	Group		Charity	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Fixed assets</b>					
Tangible Fixed assets	11	88,628	92,640	88,628	92,640
Heritage Assets	13	4,588	4,172	4,588	4,172
Available for Sale Investments	14	3,950	2,689	4,450	3,189
		<u>97,166</u>	<u>99,501</u>	<u>97,666</u>	<u>100,001</u>
<b>Current assets</b>					
Stock	16	390	408	96	170
Debtors: Amounts falling due within one year	17	2,094	985	2,406	1,340
Short-Term Deposit	25	10,171	7,103	10,171	7,103
Cash at bank and in hand	25	2,620	5,842	1,785	4,999
		<u>15,275</u>	<u>14,338</u>	<u>14,458</u>	<u>13,612</u>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	18	(3,128)	(2,564)	(2,876)	(2,403)
		<u>12,147</u>	<u>11,774</u>	<u>11,582</u>	<u>11,209</u>
<b>Net current assets</b>					
		<u>109,313</u>	<u>111,275</u>	<u>109,248</u>	<u>111,210</u>
<b>Total assets less current liabilities</b>					
		<u>109,313</u>	<u>111,275</u>	<u>109,248</u>	<u>111,210</u>
<b>Provisions for liabilities and charges</b>					
	20	(34)	(50)	(34)	(50)
<b>Net Assets</b>					
		<u>109,279</u>	<u>111,225</u>	<u>109,214</u>	<u>111,160</u>
<b>Income Funds</b>					
Restricted funds:					
Fair Value Reserve	21	48	36	48	36
Revaluation Reserve		10,069	21,869	10,069	21,869
Other Restricted Funds		69,226	66,737	69,226	66,737
Total Restricted Funds		<u>79,343</u>	<u>88,642</u>	<u>79,343</u>	<u>88,642</u>
Unrestricted funds:					
Fair Value Reserve	22	856	(23)	856	(23)
Designated funds		26,401	20,309	26,336	20,244
General funds		2,063	1,751	2,063	1,751
Total Unrestricted Funds		<u>29,320</u>	<u>22,037</u>	<u>29,255</u>	<u>21,972</u>
<b>Capital Funds</b>					
Fair Value Reserve	23	157	88	157	88
Endowment Funds		459	458	459	458
Total Endowment Funds		<u>616</u>	<u>546</u>	<u>616</u>	<u>546</u>
<b>Total Funds</b>					
		<u>109,279</u>	<u>111,225</u>	<u>109,214</u>	<u>111,160</u>

Lord Sterling of Plaistow, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

5 July 2010

The notes on pages 58 to 71 form part of these accounts.

**Consolidated Cash Flow Statement  
For the Year Ended 31 March 2010**

<b>Cash Flow Statement</b>	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Net cash inflow from operating activities</b>	<b>25</b>	7,893	5,697
<b>Returns on investments and servicing of finance</b>			
Interest received		219	655
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(7,927)	(3,623)
Payments to acquire investments	<b>14</b>	(666)	-
Proceeds from sale of investments	<b>14</b>	365	-
Realised (Loss)/Gain on current investments		(14)	59
<b>Management of Liquid Resources</b>			
Increase in short term deposits		(3,068)	(3,104)
Deconsolidation of The American Fund		(24)	-
<b>Decrease in cash</b>	<b>25</b>	<u>(3,222)</u>	<u>(316)</u>

*The notes on pages 58 to 71 form part of these accounts.*

**Notes to the Consolidated Accounts  
For the Year Ended 31 March 2010**

**1 Accounting Policies**

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

The American Fund of the National Maritime Museum is a separate legal entity for taxation purposes and as such has been removed from the consolidated results.

**(a) Basis of accounting**

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

**(b) Incoming resources**

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

**(c) Expenditure**

All expenditure has been accounted for on an accruals basis.

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

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

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

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

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

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

In accordance with the HM Treasury's Financial Reporting Manual, additions to the collection (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 valuation is reasonably obtained. Objects that are donated to the Museum are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

Heritage Assets are not depreciated or revalued as a matter of routine.

**(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 2008. In the years between full valuations of land and buildings a review based revaluation is undertaken. A review based revaluation was prepared for the year ended 31 March 2010.

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 been completed.

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

Indicative asset lives are as follows:

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

**Impairment of fixed assets**

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

## **(f) Financial Instruments**

### **Financial Assets**

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

#### **i. Receivables**

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

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

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

Investments that are treated as AFS financial assets are stated at fair value (market value). Given that these investments are small in relation to the Museum's overall reserves, it is the Museum's policy to keep valuations up to date. As a result, the Statement of Financial Activities only includes those unrealised gains or losses arising from the revaluation of the portfolio throughout the year. Disclosure is made in Note 14 of the difference between historical cost and the sale proceeds of the investments sold during the year.

### **Impairment of Financial Assets**

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

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

### **Financial liabilities**

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

## **(g) Stock**

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

## **(h) Pension Schemes**

Pensions costs are accounted for as they are incurred.

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

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

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

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

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

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

## **(j) Foreign currencies**

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

## **(k) Fund accounting**

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

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

## **(l) Leases**

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

## **(m) Taxation**

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

## **2 Notional Cost of Capital**

In accordance with Treasury guidance, notional costs of capital are charged in the Statement of Financial Activities under other recognised gains and losses. These are reversed in arriving at the total net movement in funds so that no provision is included in the balance sheet.

The notional cost of capital has been calculated as 3.5% (3.5% - 2009) of the average capital employed in the year, less amounts equal to the assets funded by donations (including Heritage Lottery Fund grants) and the balance held with the Office of the Paymaster general. The charge for the year is £2,319,000 (£2,373,000 - 2009).

## **3 Voluntary Funds**

£19,240,000 (£19,570,000 - 2009) of Grant in Aid has been received from the Department for Culture, Media and Sport (Request for Resources 1) during the year.

		<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowment</b>	<b>2010</b>	<b>2009</b>
		<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>£'000</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating Expenditure		15,872	-	-	15,872	15,452
Pension Uplift		111	-	-	111	111
Capital Grant		3,000	-	-	3,000	3,750
Historic Ships Unit		-	257	-	257	257
<b>Total Grant in Aid</b>	<b>Note 26</b>	<b>18,983</b>	<b>257</b>	<b>-</b>	<b>19,240</b>	<b>19,570</b>
Donations		44	56	-	100	168
Donations - Capital Projects		-	3,160	-	3,160	1,463
Donated Objects		-	291	-	291	112
Heritage Lottery Fund	<b>Note 26</b>	-	1,057	-	1,057	104
<b>Total Voluntary Funds</b>		<b>19,027</b>	<b>4,821</b>	<b>-</b>	<b>23,848</b>	<b>21,417</b>

Donated objects are artefacts given to the Museum with a value of £291,000 (£112,000 - 2009). Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

## **4 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>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trading Income	1,640	1,361
Cost of sales	(770)	(644)
Gross profit	870	717
Income from other commercial activities	527	632
Administrative expenses	(982)	(941)
Operating profit	415	408
Interest receivable and similar income	4	20
Profit on ordinary activities before taxation	419	428
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	419	428
Gift Aid donation to the Charity	(419)	(429)
Loss retained in the subsidiary	-	(1)

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

Administrative expenses include charges of £846,000 (£813,000 - 2009) from the Museum.

Profits on ordinary activities after taxation of £419,000 (£429,000 - 2009) have been distributed as Gift Aid to the Charity.

### **Balance Sheet**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Current Assets	1,252	1,159
Current Liabilities	(687)	(594)
<b>Total current assets less current liabilities</b>	<b>565</b>	<b>565</b>

### **Capital and Reserves**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Called-up equity share capital	500	500
Profit and loss account	65	65
<b>Total</b>	<b>565</b>	<b>565</b>

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trading income	1,640	1,361
Income from other commercial activities	527	632
Trading income per SOFA	<u>2,167</u>	<u>1,993</u>
Administrative expenses	1,752	1,585
Intercompany transactions	(949)	(814)
Trading costs per SOFA	<u>803</u>	<u>771</u>
Investment income	4	20
Intercompany transactions	-	-
Investment income included within SOFA	<u>4</u>	<u>20</u>

**5 Activities for Generating Funds - Other**

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

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowment</b>	<b>2010</b>	<b>2009</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Admissions	528	-	-	528	338
Donations	171	75	-	246	123
Event Attendance	11	-	-	11	10
Membership	50	-	-	50	44
Publications	65	-	-	65	87
Royalties	3	-	-	3	7
Sponsorship	-	13	-	13	100
Miscellaneous Other	9	-	-	9	25
	<u>837</u>	<u>88</u>	<u>-</u>	<u>925</u>	<u>734</u>

**6 Investment Income**

Investment income is made up as follows:

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowment</b>	<b>2010</b>	<b>2009</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dividends receivable	87	2	8	97	126
Interest receivable - Bank interest	20	-	-	20	236
Interest receivable - Fixed Term Deposits	97	1	4	102	293
	<u>204</u>	<u>3</u>	<u>12</u>	<u>219</u>	<u>655</u>

Investment income received by the Museum's three Trust accounts is allocated to the funds proportionately based on the prior years closing fund balances. All investment income received by the Museum and its trading subsidiary, National Maritime Museum Enterprises Limited, is treated as unrestricted.

**7 Incoming Resources from Charitable Activities**

Incoming Resources from Charitable Activities include the following:

	<b>Safeguard</b>	<b>Maximise</b>	<b>Satisfy</b>	<b>Total</b>	
	<b>&amp; Enhance</b>	<b>Access</b>	<b>Stake-</b>	<b>Funds</b>	
	<b>Assets</b>		<b>Holders</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Car Parking	15	-	-	15	15
Conferences	5	-	-	5	17
Filming & Photography	45	-	-	45	44
Licensing	153	-	-	153	52
Open Museum	-	-	11	11	42
Recharges	-	-	40	40	77
Reproductions, Plans & Print Sales	31	-	-	31	173
Research	16	-	-	16	12
Revenue Grant	-	-	-	0	9
Specific Purpose Government Grants	-	-	160	160	500
Touring Income	-	21	-	21	-
Other	122	-	8	130	124
	<u>387</u>	<u>21</u>	<u>219</u>	<u>627</u>	<u>1,065</u>

## 8 Analysis of Total Resources Expended

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

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

				2010	2009
				%	%
Voluntary Expenses				45	43
Activities for Generating Income				6	5
Investment Expenses				1	1
Safeguard and Enhance Assets				35	35
Maximise Access				7	7
Satisfy Stakeholders				2	5
Governance				4	4

  

	Direct Activities £'000	Support Cost Allocation			Total 2010 £'000	Total 2009 £'000
		Directorate £'000	Finance £'000	HR £'000		
<b>Costs of Generating Funds</b>						
Costs of generating voluntary funds	-	457	327	398	1,182	1,064
Costs of activities for generating funds	2,309	61	43	53	2,466	1,998
Investment management costs	16	10	7	9	42	33
<b>Costs of Charitable Activities</b>						
Safeguard & enhance assets	13,391	356	254	309	14,310	14,872
Maximise access	2,499	71	51	62	2,683	2,857
Satisfy Stakeholders	1,001	20	14	18	1,053	1,576
<b>Governance</b>	66	41	29	35	171	159
<b>Total Resources Expended</b>	<b>19,282</b>	<b>1,016</b>	<b>725</b>	<b>884</b>	<b>21,907</b>	<b>22,559</b>

### (a) Staff Costs

	2010	2009
	£'000	£'000
Wages and salaries - Permanent Staff	9,722	9,407
Wages and salaries - Agency and Temporary Staff	113	156
Social security costs	891	862
Pension costs	725	685
Early retirement and termination costs	200	299
	<b>11,651</b>	<b>11,409</b>

Staff costs of £43,000 have been capitalised in relation to the Sammy Ofer Wing project.

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

	2010	2010	2010	2010	2009
	Staff	Temporary, Contract and Agency	Staff on Capital Projects	Total	Total
<b>Costs of Generating Funds</b>					
Costs of Generating Voluntary Funds	-	-	-	-	-
Costs of Activities for Generating Funds	52	-	-	52	44
<b>Costs of Charitable Activities</b>					
Safeguard & Enhance Assets	277	2	-	279	298
Maximise Access	23	-	-	23	14
Satisfy Stakeholders	15	-	2	17	23
<b>Administration/Support Costs</b>	29	-	-	29	33
	<b>396</b>	<b>2</b>	<b>2</b>	<b>400</b>	<b>412</b>

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

	2010	2009
£60,000 - £65,000	3	1
£65,001 - £70,000	1	-
£70,001 - £75,000	1	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	1
£85,001 - £90,000	1	-
£90,001 - £95,000	1	-
£95,001 - £100,000	-	1
£105,001 - £110,000	-	1
£115,001 - £120,000	1	-
£140,001 - £145,000 **	-	1
	10	6

Of the ten employees with earnings over £60,000 per annum there are two for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution, for these individuals, to the PCSPS was £33,930 (£35,318 - 2009) and to the NMM Group Personal Pension Plan was £34,747 (£25,106 - 2009).

\*\* The 2009 results included a severance agreement compensation payment full details of which are disclosed in the Remuneration Report.

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

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

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

For 2009-10, employer's contributions of £209,000 were payable to the PCSPS (£239,000 - 2008-09) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands (the rates in 2008-09 were between 17.1% and 25.5%). 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 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

#### Group Personal Pension Scheme

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

Employers' contributions of £495,000 were paid in 2009-10 (£234,000 - 2008-09) into the Group Personal Pension schemes. These are defined contribution schemes.

#### Other Personal Pension Scheme

Contributions of £21,000 were paid in 2009-10 (£20,000 - 2008-09) 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 33.

#### b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2008-09). Expenses reimbursed (for travel and subsistence) to four Trustees amounted to £1,833 (£685 - five Trustees 2008-09).

#### c) Grants Made

The Museum has made in 2009-10 the following grants in relation to Safeguarding and Enhancing the Value of Assets:

		Provided in these accounts £000	Committed for 2010-11 but not provided in these accounts £000
The National Trust	i	32	33
National Maritime Museum Cornwall Trust	ii	54	-
		86	33

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

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

## 9 Governance

Governance costs represent the meeting of the Effective Organisation and Sound Financial Management objective and are made up of:	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
External Audit	36	35
Internal Audit	29	26
Apportionment of Support Costs	106	98
	<u>171</u>	<u>159</u>

The external audit fee of £36,380 (£34,980 - 2009) does not include any fees for non-audit work.

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

## 10 Total Net Movement in Funds

Net movement in funds	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
	<u>(4,241)</u>	<u>(1,258)</u>
Net movement in funds includes the following charges:		
Auditors' remuneration - for Museum (within Governance Costs)	36	35
Auditors' remuneration - for NMME and Trusts (within Costs of Generating Funds)	15	15
Lease rental payments on land and buildings	240	124
Lease rental payment - other	12	29
Early Retirement Fund Spend	<b>Note 20</b>	16
Movement in provision for bad debts	3	6
Loss on Disposal of Assets	132	7
Depreciation	2,933	3,558

The large increase in the value of loss on disposal of assets is due to the demolition of the Regatta Cafe and courtyard area as part of the construction of the Sammy Ofer Wing capital project.

## 11 Tangible Fixed Assets

	<b>Freehold</b>		<b>Computer &amp;</b>		<b>Assets</b>		
	<b>Land and</b>	<b>Fixtures &amp;</b>	<b>Plant &amp;</b>	<b>Network</b>	<b>Motor</b>	<b>under</b>	
	<b>Buildings</b>	<b>Fittings</b>	<b>Equipment</b>	<b>Equipment</b>	<b>Vehicles Construction</b>	<b>Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost or valuation:							
At 1 April 2009	84,160	11,960	3,806	2,542	110	3,539	106,117
Additions	505	251	111	114	-	6,821	7,802
Disposals	-	(461)	(525)	(283)	-	-	(1,269)
Transfers Between Asset Class	377	-	-	-	-	(377)	-
Revaluation (loss)	(10,452)	-	-	-	-	-	(10,452)
At 31 March 2010	<u>74,590</u>	<u>11,750</u>	<u>3,392</u>	<u>2,373</u>	<u>110</u>	<u>9,983</u>	<u>102,198</u>
Accumulated depreciation:							
At 1 April 2009	-	8,716	2,476	2,218	67	-	13,477
Depreciation Charge for the year	1,705	552	523	136	17	-	2,933
Disposals	-	(353)	(500)	(282)	-	-	(1,135)
Revaluation (loss)	(1,705)	-	-	-	-	-	(1,705)
At 31 March 2010	<u>-</u>	<u>8,915</u>	<u>2,499</u>	<u>2,072</u>	<u>84</u>	<u>-</u>	<u>13,570</u>
<b>Net Book Value at 31 March 2010</b>	<u>74,590</u>	<u>2,835</u>	<u>893</u>	<u>301</u>	<u>26</u>	<u>9,983</u>	<u>88,628</u>
Net Book Value at 31 March 2009	<u>84,160</u>	<u>3,244</u>	<u>1,330</u>	<u>324</u>	<u>43</u>	<u>3,539</u>	<u>92,640</u>

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

The Land and Buildings have been professionally valued at 31 March 2010 by external valuers, Gerald Eve LLP, Chartered Surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors and FRS15 - The Financial Reporting Standards for Tangible Fixed Assets. This was a review based, interim valuation. A full revaluation of the land and buildings was carried out at 31 March 2008.

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

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

### Legal and Statutory Constraints

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

## Revaluation

A review based valuation was carried out on the following assets for 2009-10:

	Cost £'000	Revaluation £'000
Main site - Land and Buildings	48,505	56,650
Royal Observatory - Land and Buildings	14,431	16,060
The Brass Foundry - Land and Buildings	325	620
Kidbrooke Stores - Land and Buildings	1,260	1,260
	<u>64,521</u>	<u>74,590</u>

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.

The land and buildings revaluation figure includes the procurement during the year of land referred to as King Williams Walk. This land purchase is part of the Sammy Ofer Wing project.

## 12 Capital Expenditure Commitments

	2010 £'000	2009 £'000
Authorised by the Board of Trustees, but not yet contracted	10,168	32,138
Contracted for but not provided in the accounts	15,167	346

There has been a significant movement between not yet contracted and contracted capital expenditure commitments. This is due to the commencement of the construction phase of the Sammy Ofer Wing project. The project is scheduled for completion in 2012 and expected to cost in the region of £35.5m.

## 13 Heritage Assets

	2010 £'000	2009 £'000
Cost or valuation:		
At 1 April 2009	4,172	3,951
Collection Additions - Purchased	125	109
Collection Additions - Donated	291	112
At 31 March 2010	<u>4,588</u>	<u>4,172</u>

In accordance with FREM, additions to the Museum's collections (Heritage assets) donated since 1 April 2001 are capitalised and recognised in the balance sheet under Heritage Assets. Heritage assets are held in pursuit of preservation and conservation objectives, and are integral to broader objectives such as educating the public in history, the arts and science. This category of asset includes artwork, manuscripts and other objects - all of historical importance. Heritage assets do not attract depreciation as they do not have a defined lifespan.

## 14 Investments

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Quoted Investments</b>				
Market value at 1 April 2009	2,689	3,454	2,689	3,454
Additions	666	-	666	-
Disposal Proceeds	(365)	-	(365)	-
Net Gain/(Loss) on revaluation	960	(765)	960	(765)
<b>Market value at 31 March 2010</b>	<u>3,950</u>	<u>2,689</u>	<u>3,950</u>	<u>2,689</u>
Historical cost as at 31 March 2010	2,588	2,588	2,588	2,588
<b>Unquoted Investments:</b>				
<b>Cost as at 31 March 2010</b>	-	-	500	500
<b>Total Investments</b>	<u>3,950</u>	<u>2,689</u>	<u>4,450</u>	<u>3,189</u>

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

## 15 Financial Risk Management

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

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

### Financial Assets

	Total £000	Floating Financial Assets £000	Fixed Financial Assets £000	Assets Earning Equity Return £000	Weighted Average Fixed Int Rate	Weighted Average Period for Which Rate Is Fixed
Year ended 31.03.10 - Sterling	16,741	2,620	10,171	3,950	0.9%	3 Months
Year ended 31.03.09 - Sterling	15,634	5,842	7,103	2,689	2.3%	3 Months

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

**Reconciliation to the Balance Sheet**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Cash	2,620	5,842
Investments (Current Assets)	10,171	7,103
Investments (Fixed Assets)	3,950	2,689
<b>Total</b>	<b>16,741</b>	<b>15,634</b>

**Liquidity Risk**

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

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

**Credit Risk**

The Museum is exposed to credit risk of £146,000 of trade debtors. This risk is not considered significant as major customers are familiar to the Museum. Bad and doubtful debts are provided for on an individual basis. Write offs in the year for bad debts amounted to £3,000 (£6,000 - 2008-09).

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

**Foreign Currency Risk**

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

**Investment Income Risk**

The National Maritime Museum has no borrowings and all cash deposits are for terms of up to four months. Market performance of interest rates has meant the Museums investment income has not increased in line with its investment balance. Due to market factors, the Museum has received a substantially reduced amount of investment income in the 2009-10 year. It is expected that this will stabilise in the 2010-11 year but interest income will still be markedly less than the Museum has historically earned.

**16 Stock**

	<b>Group</b>		<b>Charity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Goods for resale	390	408	96	170

**17 Debtors: Amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	146	135	69	85
Amount owed by subsidiary	-	-	419	430
Prepayments	447	306	447	304
Taxation (VAT)	489	394	489	394
Other debtors	1,012	150	982	127
<b>Total</b>	<b>2,094</b>	<b>985</b>	<b>2,406</b>	<b>1,340</b>
Balances with Central Government Bodies	489	394	489	394
Balances with local authorities	144	137	144	137
Balances with bodies external to government	1,461	454	1,773	809
<b>Total</b>	<b>2,094</b>	<b>985</b>	<b>2,406</b>	<b>1,340</b>

**18 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	761	754	727	741
Other creditors	61	67	7	10
Taxation and social security	270	266	270	266
Accruals and deferred income	2,036	1,477	1,872	1,386
<b>Total</b>	<b>3,128</b>	<b>2,564</b>	<b>2,876</b>	<b>2,403</b>
Balances with Central Government Bodies	270	266	270	265
Balances with local authorities	-	12	-	12
Balances with bodies external to government	2,858	2,286	2,606	2,126
<b>Total</b>	<b>3,128</b>	<b>2,564</b>	<b>2,876</b>	<b>2,403</b>

## 19 Operating Leases

As at 31 March 2010 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Buildings</b>				
- Within one year	-	-	-	-
- In the second to fifth year	-	-	-	-
- After five years	282	281	282	281
<b>Total</b>	<b>282</b>	<b>281</b>	<b>282</b>	<b>281</b>
<b>Other</b>				
- Within one year	4	7	4	7
- In the second to fifth year	1	4	1	4
- After five years	-	-	-	-
<b>Total</b>	<b>5</b>	<b>11</b>	<b>5</b>	<b>11</b>

## 20 Provisions for Liabilities and Charges

	Note 10	Balance	Additions £'000	Payments £'000	Balance
		1 Apr 2009 £'000			31 Mar 2010 £'000
Early retirement - as described in the accounting policies		50	-	(16)	34
		50	-	(16)	34

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

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
- Within one year	17	16	17	16
- After one year	17	34	17	34
	34	50	34	50

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

## 21 Restricted Funds

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

	Balance 1 Apr 2009 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Removal from Transfers Consolidation £'000	Balance 31 Mar 2010 £'000
Land and Buildings Fund	63,639	-	(1,705)	1,705	882	64,521
Revaluation Reserve	20,521	-	-	(10,452)	-	10,069
Sammy Ofer Wing Fund	104	4,217	(69)	-	(4,252)	-
Special Purpose Funds	-	327	(327)	-	-	-
Collections Capital Fund	4,172	291	-	-	125	4,588
American Fund of the National Maritime Museum, Greenwich	24	-	-	-	(24)	-
National Historic Ships Unit Fund	-	282	(282)	-	-	-
Caird Trust	-	18	(18)	-	-	-
No. 3 Trust Fund - Sackler Caird Fund	113	1	(31)	8	-	91
No. 3 Trust Fund - Anderson Fund	64	1	-	4	-	69
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
<b>Total Restricted Funds including Fair Value Reserve</b>	<b>88,642</b>	<b>5,137</b>	<b>(2,432)</b>	<b>(8,735)</b>	<b>(3,245)</b>	<b>79,343</b>
<b>Fair Value Reserve included in Restricted Funds</b>						
No. 3 Trust Fund	36	-	-	-	12	48
<b>Total Restricted Fair Value Reserve</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>48</b>

**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.

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

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

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

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

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

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

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

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

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

**The Fair Value Reserve** (for Restricted, Unrestricted and Endowment Funds) represents the difference between the historical cost of the investments and their market value at 31 March 2010.

#### Description of main transfers between funds

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

The Sammy Ofer Wing fund movement provides for the transfer of expenditure incurred for Work in Progress in the Tangible Assets Fund.

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

#### 22 Unrestricted Funds

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

	Balance 1 Apr 2009 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2010 £'000
Tangible Asset Fund	8,475	-	(1,359)	-	6,922	14,038
Designated Capital	-	3,000	-	-	(3,000)	-
Galleries Masterplan Fund	3,500	-	-	-	-	3,500
Caird Fund	991	26	(46)	169	-	1,140
Development Fund	6,798	132	(9)	681	419	8,021
No. 3 Trust Fund	457	8	(1)	29	-	493
Trading Funds	65	2,171	(1,752)	-	(419)	65
<b>Designated Funds</b>	<b>20,286</b>	<b>5,337</b>	<b>(3,167)</b>	<b>879</b>	<b>3,922</b>	<b>27,257</b>
<b>General Funds</b>	<b>1,751</b>	<b>17,300</b>	<b>(16,297)</b>	<b>(14)</b>	<b>(677)</b>	<b>2,063</b>
	<b>22,037</b>	<b>22,637</b>	<b>(19,464)</b>	<b>865</b>	<b>3,245</b>	<b>29,320</b>
<b>Fair Value Reserve included in above Designated Funds</b>						
Caird Fund	(44)	-	-	169	-	125
Development Fund	177	-	-	681	-	858
No. 3 Trust Fund	(156)	-	-	29	-	(127)
Total Unrestricted Fair Value Reserve	(23)	-	-	879	-	856

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

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

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

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

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

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

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

#### Description of main transfers between funds

The Tangible Assets Fund movement mainly provides for a transfer to Work in Progress from the Restricted fund for the Sammy Ofer Wing project. This will be transferred to Restricted Funds upon completion.

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

### 23 Endowments

Permanent endowments:

The Caird Fund  
The Sackler Fund

	Balance 1 Apr 2009	Income	Expenditure	Investment Gains	Balance 31 Mar 2010
	£'000	£'000	£'000	£'000	£'000
The Caird Fund	392	11	(11)	69	461
The Sackler Fund	154	1	-	-	155
	546	12	(11)	69	616

#### **Fair Value Reserve included in above Endowment Funds**

The Caird Fund

	88	-	-	69	157
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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.

### 24 Analysis of Group Net Assets between Funds

Fund balances at 31 March 2010 are represented by:

Heritage Assets  
Tangible Fixed assets  
Investments  
Current assets  
Creditors: Amounts falling due within one year  
Provisions for liabilities and charges

	Unrestricted Designated Funds £'000	Unrestricted General Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Heritage Assets	-	-	4,588	-	4,588
Tangible Fixed assets	14,038	-	74,590	-	88,628
Investments	3,169	-	165	616	3,950
Current assets	13,212	2,063	-	-	15,275
Creditors: Amounts falling due within one year	(3,128)	-	-	-	(3,128)
Provisions for liabilities and charges	(34)	-	-	-	(34)
	27,257	2,063	79,343	616	109,279

#### **Group Net Assets**

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

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

Unrealised gains at 1 April 2009

Net loss arising on revaluation

Unrealised gains at 31 March 2010

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2010 £'000
Unrealised gains at 1 April 2009	-	21,869	-	21,869
Net loss arising on revaluation	-	(8,747)	-	(8,747)
Unrealised gains at 31 March 2010	-	13,122	-	13,122

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

Unrealised gains at 1 April 2009

Net gain arising on revaluations

Unrealised gains at 31 March 2010

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2010 £'000
Unrealised gains at 1 April 2009	261	(13)	5	253
Net gain arising on revaluations	879	12	69	960
Unrealised gains at 31 March 2010	1,140	(1)	74	1,213

### 25 Reconciliation of net incoming resources to net cash inflow from operating activities

Net incoming resources

Donated Objects

Depreciation charges

Investment income

(Increase)/Decrease in stock

(Increase)/Decrease in debtors

Increase/(Decrease) in creditors

Increase/(Decrease) in provisions

Loss on Disposal of Fixed Assets

	2010 £'000	2009 £'000
Net incoming resources	5,879	3,305
Donated Objects	Note 3 (291)	(112)
Depreciation charges	Note 11 2,933	3,558
Investment income	Note 6 (219)	(655)
(Increase)/Decrease in stock	Note 16 18	(69)
(Increase)/Decrease in debtors	Note 17 (1,109)	(152)
Increase/(Decrease) in creditors	Note 18 564	(127)
Increase/(Decrease) in provisions	Note 20 (16)	(58)
Loss on Disposal of Fixed Assets	Note 11 134	7

Net cash inflow from operating activities

7,893 5,697

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

Decrease in cash in the period

Increase in liquid resources in the period

Change in net funds resulting from cash flows

Net funds at 1 April 2009

Net funds at 31 March 2010

	2010 £'000	2009 £'000
Decrease in cash in the period	(3,222)	(316)
Increase in liquid resources in the period	3,068	3,104
Change in net funds resulting from cash flows	(154)	2,788
Net funds at 1 April 2009	12,945	10,157
Net funds at 31 March 2010	12,791	12,945

## Analysis of net funds

	At 1 Apr 2009 £'000	Cashflow £'000	At 31 Mar 2010 £'000
Held at Commercial Banks	5,835	(3,222)	2,613
Held at Office of HM Paymaster General	3	-	3
Cash in Hand	4	-	4
Liquid resources - Short Term Deposit	7,103	3,068	10,171
Net funds	12,945	(154)	12,791

## 26 Related party transactions

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

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

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

	2010 £'000	2009 £'000
Grant in Aid received	16,240	15,820
Capital Grant in Aid received	3,000	3,750
Total Grant in Aid received	19,240	19,570
Understanding Slavery Initiative	160	272
Total received from DCMS	19,400	19,842

### b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants of £1,057,000 for the Sammy Ofer Wing project from the Heritage Lottery Fund in the year (2009 - £104,000). The HLF shares the same parent Department (DCMS) and is therefore a related party. There were no outstanding balances at the end of the year.

	2010 £'000	2009 £'000
Capital Grants received from the Heritage Lottery Fund	1,057	104

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

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

Related Party	Nature of Relationship	Value of income received during the year £'000	Value of expenditure during the year £'000	Nature of transaction
Lloyds Register Educational Trust	DG Moorhouse, Chairman of Trustees of the related party, served as a Trustee during the year	82	-	Donation
Townley Grammar School	L Hutchinson, Head Teacher of the related party, served as a Trustee during the year	2	-	Income from GCSE Astronomy fees
Museums Association	K Fewster, a member of the related party, served as Director during the year	-	7	Costs for staff training and development
National Portrait Gallery	DCMS funded NDPB	-	3	Costs of trade show attendance
British Library Development Board	Sir J Guinness, a member of the related party, served as a Trustee during the year	-	2	Costs for inter-library loans
Southern and South Eastern Tourist Board Limited	D Philip, a Director of the related party, served as Director of Finance and Enterprises during the year	-	1	Contribution to costs of exhibition stands
		84	13	

There are no outstanding balances at the year end.

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £1,334 and expenditure of £1,296.

During the year the Museum continued to develop its relationship with Chatham Historic Dockyard although no financial transactions took place between the parties. Sir R Crawford, a Trustee of the Museum, is also a Trustee of Chatham Historic Dockyard Trust.

## **27 Contingent Liabilities**

The Museum had no contingent liabilities at the year end.

## **28 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.

On 24 May 2010 the Department for Culture, Media and Sport confirmed that the Museum would receive a cut in 2010-11 total near cash and non-cash allocation of 3% amounting to £678,000. The Museum plans to accommodate this cut through savings and earning additional income. It does not intend to alter radically the programme for the visiting public for 2010-11.

There are no other post balance sheet events to report.

## **29 Control of the Consolidated Entities**

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







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