

# The Board of Trustees of the Tate Gallery Annual Accounts 2016-2017

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

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# Contents

	<b>Page</b>
Advisers	2
Annual report	3
Foreword	6
Remuneration report	27
Statement of Trustees' and Director's responsibilities	32
Governance statement	33
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	39
Consolidated statement of financial activities	42
Consolidated and Tate balance sheets	44
Consolidated statement of cash flows	45
Notes to the accounts	46

# Advisers

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# Annual Report

## Presentation of the financial statements

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice 2015 (the SORP) FRS102 (updated for reporting from 2016) and in compliance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport.

The consolidated statement of financial activities set out on page 42 has been prepared in line with the SORP and shows income including income relating to capital projects. The Trustees believe that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of Tate.

## Aim and objectives

Tate's mission, drawn from the 1992 Museums and Galleries Act, is to increase the public's understanding and enjoyment of British art from the sixteenth century to the present day and of international modern and contemporary art.

The four aims listed by the Act are to:

- care for, preserve and add to the works of art and documents in Tate's Collection;
- secure that the works of art are exhibited to the public;
- secure that the works of art and documents are available to persons seeking to inspect them in connection with study or research; and
- generally promote the public's enjoyment and understanding of British art and of twentieth-century and contemporary art, both by means of Tate's Collection and by such other means as it considers appropriate.

All Tate's activities and aspirations are driven by its statutory mission 'to promote public understanding and enjoyment of British, modern and contemporary art'. Tate's strategic objectives in fulfilling this mission can be summarised as follows:

- to consolidate, manage and research the Collection in ways that respond to changes in the world around Tate;
- to devise innovative programmes that engage with existing and new audiences, both in the galleries and through digital media and partnerships, whose expectations of their relationship with the museum are changing and whose participation will be a part of what Tate does; and
- to improve Tate by investing in staff development and the working culture and develop Tate's self-reliance and business model for a sustainable future.

Major activities that Tate undertakes in doing this include:

- embarking upon new partnerships that open new opportunities;
- developing Tate's digital offer;
- generating revenue in addition to the amount received in Grant in Aid;
- the fundraising and completion of capital projects; and
- an enhanced programme of employee engagement.

A review of Tate's key business activities during 2016-17, including its finances and key performance indicators, has been included within the foreword, together with commentary on Tate's future development plans and its policies and performance on employees, environmental and social and community issues. Tate's reserves and investments policies are also included within the foreword.

## History of body and statutory background

### History

The Tate Gallery was founded at Millbank, London in 1897. Although officially known as The National Gallery of British Art, it was commonly called the Tate Gallery after Henry Tate, with its name being changed officially in 1932. During the early and mid-twentieth century, the original building at Millbank was added to as Tate's Collection grew and expanded to include modern works.

The last two decades of the twentieth century saw considerable expansion of Tate with the Clore Gallery, housing the Turner collection, opening in 1987 and Tate Liverpool opening the following year. Tate St Ives opened in 1993 and in March 2000 the Tate Gallery Millbank site was re-dedicated as Tate Britain. Tate Modern opened to the public in May 2000. This year saw the opening of a new, ten storey extension to Tate Modern adding significantly to the space available to visitors and for the display of art.

### Background

From its foundation in 1897 until 1917, the Board of Trustees of the National Gallery administered the Tate Gallery. A separate Board of Trustees for the Tate Gallery was first established by Treasury Minute of 24 March 1917, although all works of art remained vested in the Trustees of the National Gallery, whose Director remained responsible for the financial affairs of the Tate Gallery.

The Tate Gallery was established as an independent institution by the National Gallery and Tate Gallery Act, 1954. A further Treasury Minute of 5 February 1955 defined the scope of the Tate Gallery Collection and vested in its Board of Trustees the responsibility for the Collection and for the management of the Gallery.

The Museums and Galleries Act, 1992, which repealed the 1954 Act, established the Board of Trustees of the Tate Gallery as a corporate body and added it to the list of exempt charities under the 1960 Charities Act. An Order in Council enabling the new Act was issued on 1 September 1992.

In March 2000 the Trustees launched a new organisational identity, re-branding the Tate Gallery as Tate. For statutory purposes the corporate body remains the Board of Trustees of the Tate Gallery.

Tate is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). Tate is an exempt charity as defined by Schedule 3 to the Charities Act 2011.

### Connected charities

Tate has three connected charities with changes during the year being the merger of Tate Members into Tate Gallery and the establishment of Tate Canada Foundation. These charities are independent and do not impact on Tate's operating policies, however they work closely with Tate and have the aim of helping it to fulfil its mission for the public benefit.

*Tate Members:* At an Extraordinary General Meeting of 26 February 2016, it was decided that the charity would be merged with Tate, a process that was enacted in 2016-17.

*Tate Foundation:* an independent charity created in 2000 to further the charitable purposes of the Board of Trustees of the Tate Gallery through active fundraising, investment and membership schemes.

*Tate Americas Foundation:* an independent charity based in New York that supports the work of Tate in the United Kingdom.

*Tate Canada Foundation:* an independent charity based in Toronto that supports the work of Tate in the United Kingdom.

## Auditors

Tate's principal auditor is the Comptroller and Auditor General and the March 2017 audit has been carried out on his behalf by PricewaterhouseCoopers LLP. The audit fee for the year ended 31 March 2017 was £54,000 (£57,000 in 2015-16).

So far as the Accounting Officer and Trustees are aware at the time of approving the Annual Report, there is no relevant audit information of which the charitable NDPB's auditors are unaware.

Signed

*Maria Balshaw*  
Director, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017



# Foreword

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice 2015 (the SORP) Financial Reporting Standard (FRS) 102 under a direction issued by the Secretary of State for Culture, Media and Sport under the Museums and Galleries Act 1992.

## Review of activities in 2016-17

The key achievements of 2016-17 include:

- the successful opening of the new Tate Modern, a major international moment for modern art and the UK as a whole;
- the appointment of Maria Balshaw as Director to succeed Sir Nicholas Serota on 1 June 2017;
- several high profile exhibitions including: *Georgia O'Keeffe* and *Robert Rauschenberg* at Tate Modern; *Paul Nash* and *David Hockney* at Tate Britain; and *Yves Klein* at Tate Liverpool;
- the continuation of the construction for the extension to Tate St Ives and the successful opening of the refurbished galleries on 31 March 2017;
- a number of digital successes, including specific projects such as *Recognition*, the IK Prize in 2016; significant strides in the refreshment of Tate's website, resulting in increased unique visitors; the implementation of both a mobile website and apps serving Tate Britain, Tate Modern and Tate Liverpool, with that for Tate St Ives to be timed to correspond with the opening of the new galleries in autumn 2017.

None of these achievements would have been possible without the commitment and expertise of those who work at Tate and the interest, support and continuing generosity of all those who support Tate. The report below presents highlights of Tate's work this year.

## Tate's objectives

Tate's vision is 'to champion art and its value to society'. This was set in 2014 and is the basis of Tate's planning. The objectives that Tate pursues within this are:

- to develop a sustainable operating model for the future;
- to complete the capital programmes;
- to welcome broad and diverse audiences;
- to create rewarding experiences for visitors;
- to inspire learning and research;
- to promote digital growth and engagement;
- to develop and nurture UK and global partnerships; and
- to develop the people and culture of Tate.

## The opening of the new Tate Modern

On 16 June 2016, Tate opened the doors of the new Tate Modern to 3,000 children visiting from schools nationwide. They were the first visitors to the most significant cultural building to open in the UK in twenty years. The work that went into the successful completion and opening of the building and the achievement that it represents is documented throughout this report.

The new Tate Modern was conceived in 2005 and building commenced in 2008. It is named in recognition of the lead donation from the Blavatnik Family Foundation. It includes five floors devoted to the display of work that has been collected over the past decade, presenting a truly global story of art in the twentieth and twenty-first centuries. It also offers the public a wide range of experiences, from new shops and cafés, to a new public space for London in the square outside the gallery.

Over 1 million people visited the building in its first month and millions have continued to do so throughout a record-breaking year. The Collection displays and the building itself have received rave reviews. Performance art in the Tanks has offered audiences new kinds of experiences and Tate Exchange on Level 5 has broken new

ground in providing in a museum a permanent civic space for debate, creation and engagement through art with the broad issues that affect society today.

In 2016-17 all of Tate's departments have been intensely involved in preparing for the opening and settling into the new building. The effort of staff across the organisation has been immense. Installing nearly 800 works, for instance, was a huge task. In all, 301 truck shipments of artworks moved from Tate sites to Tate Modern for the opening displays, travelling a total road distance of 12,208 miles. Without such efforts, the success of the new Tate Modern would not have been achieved and, without the support that Tate has been given by donors, the government, Members and the public, it would not have been possible.

## Recruitment of a Director

In September 2016, Sir Nicholas Serota announced that in 2017 he would be stepping down as Director of Tate after twenty-eight years. His tenure has seen multiple achievements and developments at Tate, not least the building and expansion of Tate Modern. The family of Tate galleries has grown to become the most visited in the UK and amongst the most successful and respected in the world. Tate's Collection has evolved to become the most comprehensive collection of British art in the world and the most truly international collection of modern and contemporary art. Perhaps his most lasting legacy, however, will be that the profile of modern and contemporary art in the UK has changed profoundly to the point where there are around 8 million visitors coming to the galleries each year.

Following his announcement, Trustees oversaw the appointment of a successor. In a fully open process, undertaken with the participation of DCMS, Maria Balshaw was selected and appointed. Her appointment follows a highly successful tenure as the Director of the Whitworth and Manchester City Art Galleries. Since the announcement of her appointment in January 2017, the Director Elect has worked with the Director, Trustees and the leadership team to familiarise herself further with the organisation and put in place plans for taking up her role in June 2017.

## Developing a sustainable operating model for the future

### Collection

Tate cares for the national collection of British, modern and contemporary art. It does so on behalf of the public, presenting and developing the Collection and sharing it as widely as possible.

The displays at the new Tate Modern draw from the period in which the Collection has been developed, strengthening the representation of work from areas that curators have identified as needing greater focus, such as work by women artists and from areas of the world that have, in the past, been marginalised. The displays have been widely acclaimed as setting a new benchmark for galleries around the world. For instance, the first ARTIST ROOM to show in the new building was devoted to Louise Bourgeois, while opposite it was the display of *Living Cities*, showing visitors work from Beirut, Cairo and Los Angeles, as well as Kharkov in the Ukraine.

In April 2016, the newly refurbished and renamed Starr Cinema reopened as a world-class facility for the screening of films. The three strands of Tate Film, *Pioneers*, *Artists' Cinema* and *Counter-Histories*, bring together contemporary and historical works from around the globe and from different traditions of cinematic and artistic practice. Presented in the context of a leading art institution, Tate's Film programme challenges the boundaries between visual art and the moving image.

Live art is also a major feature of the new Tate Modern. The Tanks opened in 2012 as the first spaces in a major museum dedicated to performance art and live art. They were closed to allow for the completion of the building above them and, since reopening in June 2016, have been programmed as a key part of the gallery's displays, both through the activation of live art works in Tate's Collection and new commissions. These include Tania Bruguera, *Tatlin's Whisper #5*, a significant Collection work which was performed in the Turbine Hall and new commissions like Tarek Atoui's *The Reverse Collection*, performed between June and October 2016.

Significant international works acquired this year include Luc Tuymans's *The Shore* and *Issei Sagawa*, both painted in 2014 and *African Adventure* 1999-2002, a room-sized installation by the South African artist Jane Alexander. Highlights in moving image and sound include Rosa Barba's *The Hidden Conference* 2010-2015, and Philippe Parreno's *TV Channel* 2013. One of this year's major acquisitions, Ai Weiwei's *Tree* 2010, was installed on the bridge of Tate Modern's Turbine Hall at the opening of the new building.

Some key pre-1900 British works were purchased by Tate in 2016-17: William Stott of Oldham's *Le Passeur (The Ferry)* c1882 acquired with the assistance of the Heritage Lottery Fund (HLF), Art Fund and The Hintze Family Charitable Foundation. Stott was a central figure in the early phase of British Impressionism and this work is widely regarded as the crowning achievement of his career. The painting will be displayed at Tate Britain in

April 2017 and will then tour to three UK partner galleries: Gallery Oldham, Aberdeen Art Gallery and Southampton City Art Gallery, made possible with funding from the HLF and Art Fund. Another significant historical acquisition was Sir Joshua Reynolds's full-length portrait *Frederick Howard, 5th Earl of Carlisle* 1769, acquired through the acceptance in lieu scheme administered by Arts Council England. 2016 also saw the acquisition of James Tissot's *Wounded Soldier* 1870-71. Tate is also grateful to contemporary British artist, Mark Wallinger for his generous gift of *State Britain* 2007, which was originally created for the Tate Britain Commission series supported by Sotheby's. Tate has also acquired another work originally devised in response to the Duveen galleries, *War Damaged Musical Instruments* 2015 by Turner Prize winner Susan Philipsz, which was shown in 2015-16 as part of *14-18 NOW*, the UK's arts programme for the centenary of the First World War.

Works acquired recently have featured in displays across Tate sites. Komar and Melamid's photographic series *A Catalogue of Superobjects: Supercomfort for Superpeople*, for instance, was included in Tate Modern's exhibition *Performing for the Camera*, while Tate Liverpool's recent exhibitions included new acquisitions by Geta Brătescu and György Kepes.

Tate Liverpool also opened two new Constellations displays based on Collection works, George Grosz's *Suicide* 1916 and LS Lowry's *Industrial Landscape* 1955. The display focusing on Grosz presents works by artists including Sarah Lucas and Pablo Picasso to explore morality, power-relations and the portrayal of sub-culture. This centres on Lowry's *Industrial Landscape* reflecting the north west's industrial history and heritage and is presented alongside works by George Braque, Robert Delaunay and Camille Pissarro. Tracey Emin's iconic work *My Bed* 1998 was also shown at Liverpool, the first time the work has displayed in the north of England. Emin herself travelled to Liverpool to install the work, describing it as the best bed she's done.

Lending the Collection is an important part of how Tate works in partnership with other institutions, nationally and internationally and, within the UK how it contributes to cultural and artistic provision nationwide. In 2016-17 Tate lent 1,069 works to 233 venues worldwide, a 13% increase in the number of venues to which loans were made compared with last year. In the UK, Tate lent 513 works to 113 venues.

## Programme

Exhibitions at Tate Modern continued to reflect the objective to show the full breadth of art from around the world. Exhibitions ranged from established names of the past such as Georgia O'Keeffe and Robert Rauschenberg, through artists working today, including Mona Hatoum and Wolfgang Tillmans, to artists who, although lesser-known to mainstream audiences are very important in the history and development of art, such as Bhupen Khakhar.

The first exhibition in the new Tate Modern was *The Radical Eye: Modernist Photography from the Sir Elton John Collection*. This exhibition was drawn from one of the world's greatest private collections of photography and presented a selection of classic, modernist images, including works by Brassai, Henri Cartier-Bresson, Tina Modotti, Man Ray and Alexander Rodchenko. It complemented Tate Modern's inclusion of photography across the displays with works that would otherwise be out of reach for the Tate Collection.

Between October 2016 and April 2017, the Turbine Hall commission was *Anywhen* by Philippe Parreno, a site-specific exhibition that changed throughout the day and continually evolved during the period of the commission. It was conceived as an automaton guiding the public through a constantly changing play of moving elements, light configurations, sound environments and film projections, reacting to and activated by elements of the commission.

Exhibitions at Tate Britain included *Painting with Light: Art and Photography from the Pre-Raphaelites to the Modern Age* and *Paul Nash*, each examining new aspects of familiar and loved British art. The first looked at the relationship between photography and the Pre-Raphaelites and the second at the career of one of the most distinctive of British artists, which spanned both world wars and was subject to such diverse influences as British mysticism and the contemporary European avant-garde. Later in the year and continuing into 2017-18, *Hockney* presented the most significant retrospective of one of Britain's best-known painters. It drew work together from the full length of his career, including early works from his time at art school, through to the famous Californian paintings, the double-portraits and the iPad drawings of today. Before opening, it had already surpassed all records for pre-sales to a Tate exhibition and went on to be the most successful exhibition in Tate Britain's history.

Tate Britain also saw the re-introduction to the programme of Art Now, showcasing British artists working in Britain today. Highlights of the year included *WOT U :-) ABOUT?* by the young Scottish Artist, Rachel Maclean which critiques the dependence on media of modern society and, earlier in the year, Sophie Michael's *Trip (the light fantastic)*, a selection of films which draw on early experimental filmmaking and mid-twentieth century design to question our relationship with the past.

Tate Liverpool's exhibitions present well-known names alongside lesser-known artists. In summer 2016, *Francis Bacon: Invisible Rooms* was paired with *Maria Lassnig* to critical acclaim. *Maria Lassnig* continued with a European tour to venues including: Kunsten Museum of Modern Art, Aalborg; Museum Folkwang, Essen; Zachęta National Gallery of Art, Warsaw; and National Gallery in Prague. This was followed in the autumn by an exhibition of *Yves Klein*, the first UK museum solo exhibition of the French artist in more than 20 years, which showed in parallel with an exhibition of *Edward Krasiński (1925–2004)*, one of the most significant Eastern European artists of the 20th century.

The exhibitions programme at Tate St Ives has been on hold due to the continuing capital project. However, the programme has continued, not least at the Barbara Hepworth Museum and Sculpture Garden which celebrated forty years of being a museum. The Tate St Ives Team also programmed *Tate Around Town*, art tours which started at the Barbara Hepworth Museum and were accompanied by a new family friendly trail *I spy St Ives*. The offer for families also included *Summer Beach Art Explorers* on Porthmeor Beach and *Art Adventurers* in Porthmeor Studios, where an art installation by Torsten Lauschmann provided inspiration for creative workshops.

### Developing a sustainable operating model for the future

Government subsidy remains the single largest element of Tate's income and it is vital in providing for the running costs of Tate overall. Tate is already highly efficient and generates the majority of its funding itself and in recent years has concentrated on both finding new sources of revenue and consolidating existing ones.

### Tate Enterprises Limited

The prime focus for both Tate Catering and Tate Enterprises this year was the successful opening of the outlets in the new Tate Modern. The shop in the Blavatnik Building is the only shop in Tate's estate with a window display and has taken on the role of a flagship for the Tate Enterprises offer. Designed with leading retail designers, different parts of the shop provide different experiences, with a comprehensive range of books offering visitors the opportunity to browse in detail, while other aspects of the shop present wider ranges of merchandise. A further retail development this year was Tate Edit, which opened with a new store at the Riverside entrance of Tate Modern. Curated by guest designers in collaboration with Tate staff, this presents a range of design-based goods that will change in seasons, with different designers commissioned to work and select product alongside Tate. Online, collaboration between Tate's digital and enterprise teams came to fruition with e-commerce revenue for the year at £1.1 million.

The figures below are taken from Tate Enterprises Limited's accounts:

	<b>2017</b>	2016
	<b>£000</b>	£000
Fixed assets	<b>726</b>	745
Current assets	<b>11,303</b>	7,092
Current liabilities	<b>(9,057)</b>	(4,861)
Long-term liabilities	–	(38)
Net assets	<b>2,972</b>	2,938
Capital and reserves	<b>2,972</b>	2,938
	<b>2,972</b>	2,938
	<b>2017</b>	2016
	<b>£000</b>	£000
Turnover	<b>35,068</b>	25,537
Cost of sales	<b>(12,758)</b>	(9,643)
Gross profit	<b>22,310</b>	15,894
Other income	<b>5</b>	53
Administrative expenses	<b>(19,498)</b>	(15,154)
Trading profit	<b>2,817</b>	793
Interest receivable	<b>2</b>	9
Net contribution	<b>2,819</b>	802

## Funding, sponsorship and donations

Tate relies on a wide variety of sources for its income. The settlement of Grant in Aid at the current level for the next four years, plus additional funding to reflect the increase in size of Tate Modern announced in the Spending Review of November 2015, provided valuable certainty, but does not take into account the costs of inflation and so significant challenges remain. To meet these challenges, Tate consistently maintains and grows income from individual, foundation, public sector and corporate supporters. At the same time, the support that visitors, Members and Patrons provide is fundamental to the delivery of the public programme. Tate is grateful for all of the support that it receives.

The Tate Modern project has been the focus of much fundraising and Tate is very grateful for the major support for the project that has been received this year from The Granville-Grossman Bequest, Catherine Lagrange, Mrs Minoru Mori, Stephan Schmidheiny Family and the Daros Collection and Helen and Charles Schwab.

As ever, Tate is grateful for the support that it has received from many individuals and organisations that enable exhibitions to be staged. At Tate Modern this year, *Mona Hatoum* was supported by AGC Equity Partners with additional support from Jabre Capital Partners SA Geneva. *Bhupen Khakar* was supported by Deutsche Bank and the Kiran Nadar Museum of Art, with additional support from the Bhupen Khakhar Exhibition Supporters Circle. The partnership with EY continued with *The EY Exhibition: Wifredo Lam*. Sponsorship also made possible major commissions including the *Tate Britain Commission* supported by Sotheby's and at Tate Modern, Philippe Parreno's Hyundai Commission, *Anywhen* in Partnership with Hyundai Motor. The latter was also supported by Kvadrat, the LUMA Foundation and additionally by the Philippe Parreno Supporters Circle, which comprised Dayana Tamendarova, David Alfredo Benatar, Yasuharu Ishikawa, Linyao Kiki Liu, Patrizia Memmo Ruspoli, Fondazione Sandretto Re Rebaudengo, Norman and Norah Stone, Honus Tandijono, Mr Xue Bing, the Co-Founder of New Century Art Foundation and Elisa Nuyten and David Dime.

Tate works in partnership to realise specific projects. In the new Tate Modern, Tate Exchange was supported by the Freeland Foundation, Arts Council England, Paul Hamlyn Foundation, Red Hat Inc and Tate Patrons. The opening of the building itself was marked by the launch of a new three-year partnership with Uniqlo who supported the opening weekend. This was continued in October 2016 when Tate Modern launched a new series of Friday late night events, Uniqlo Tate Lates, offering opportunities to see the latest exhibitions and displays, hear music from up-and-coming DJs and join in with interactive events. The events have been a huge success to date and Tate thanks Uniqlo for their support of this programme.

The IK Prize, which is described in further detail below, rewards ideas that use digital technology to innovate the way visitors discover, explore and enjoy British art in the Tate Collection. In 2016, the Prize was sponsored by Microsoft with a challenge to digital creatives to develop a form of artificial intelligence that understands art. In addition, Microsoft offered consultancy and digital support to the nominees and winner as they developed their projects. The company also provided marketing and press support through promotional films, public relations, digital and paid media, influencer activity, social media and advertising.

Tate's Acquisitions Committees provide invaluable support to the development of the Collection and in championing Tate around the world. Around a quarter of the works presented in the inaugural hang of the new Tate Modern were acquired thanks to the generosity and support of the Acquisitions Committees, testimony to the important role that they play. In a further initiative, Tate, The Museum of Contemporary Art Australia and Qantas are partners in an International Joint Acquisition Programme for contemporary Australian art. This programme is made possible through a corporate gift from the Qantas Foundation and this year saw the first five acquisitions made possible by this fund.

Members and Patrons have provided a bedrock of Tate's support for many years and 2016-17 ended with membership at a record level of over 128,000. In the galleries, the existing Members Room at Tate Modern was refurbished and a new Members Room opened on Level 8 of the new building. As well as contributing to support Tate, Members are a valued part of its community. Following the decision taken in 2015-16 to reflect this by merging Tate Members with the main charity of Tate, Tate Members Advisory Council has been established in its new guise this year.

Throughout Tate's history, the generosity of artists has been instrumental in the growth of the gallery and its Collection. In September 2016, the second of two video installations by Bill Viola, *Mary*, was inaugurated in the North Quire Aisle at St Paul's Cathedral. *Mary* was conceived as a companion piece to *Martyrs (Earth, Air, Fire, Water)* which was unveiled in the South Quire Aisle of the cathedral in 2014. These installations are the first moving-image artworks to be installed in a cathedral in Britain on a long-term basis and have been gifted to the Tate Collection by Bill Viola and Kira Perov, in a unique collaboration which will see the works permanently located at St Paul's. Artists' families and estates are also generous supporters of Tate. This year saw the generous gift of three works of art by William Turnbull, a painting and two works on paper all titled *Aquarium* 1949, all donated by the artist's family; similarly, the artist's estate donated Alan Davie's archive papers to Tate.

## Completing the capital programmes

The completion of the new Tate Modern is described above and represents a significant achievement on the part of all those involved. So extensive was this that the activity required runs throughout this report, with the construction being a significant achievement in its own right. In all, the new building comprises over 336,000 bricks and, with the existing building, provides over 13km<sup>2</sup> of display space.

The development of Tate St Ives continues and at the end of 2016-17, the existing galleries were refurbished and opened in readiness for the summer. The current galleries were redesigned by the architectural practice behind the original building, Evans and Shalev, with the new galleries, designed by Jamie Fobert, due to open in autumn 2017. The existing galleries include a new space for hands-on workshops and family activities, a ground-floor studio for visitors to explore archival and digital material about the art on display, with a spectacular glazed studio on the roof terrace with views out over the sea. The original building will now be dedicated to a display exploring modern art in St Ives and its relationship with the wider world. It will offer a chronological overview of 20th century art from the perspective of St Ives, including British and international artists from Ben Nicholson, Peter Lanyon and Barbara Hepworth to Piet Mondrian, Naum Gabo and Paule Vézelay.

## Welcoming broad and diverse audiences

The opening of the new Tate Modern and a strong programme across the galleries attracted record numbers to Tate this year. In all, visitor numbers at Tate's galleries exceeded 8 million.

Tate seeks to reach as broad an audience as possible, promoting the understanding and enjoyment of its Collection and programmes to as many as possible. This year, an audience framework has been developed that will allow Tate to target specific audiences through its programming, activities and marketing. The framework speaks across Tate's activities and enables teams to take a more concerted approach than has hitherto been possible.

The programme and Collection displays have been determined with a view to representing diverse artists and voices. The new Tate Modern opened with a commitment to a fairer representation of female artists, with about half of the work on display being by women.

Diversity in the programme and in the Collection helps in its own right to attract and appeal to different audiences. Finding new ways to provide new audiences with the means to relate to and find means of connecting with art is a theme that is consistent across Tate's galleries. Tate Liverpool's exhibition of *Yves Klein* was sponsored by Edge Hill University and a number of events were produced in conjunction with the university, including *Martial Arts*, a live-animated performance from Judo experts influenced by the work on display. Students from Edge Hill used video capture and animation to record Judo forms, exploring the use of movement, balance and colour in Klein's work. The event was also the first event in the Tate Exchange Liverpool programme in the gallery.

Specific projects are also designed to reach particular audiences. For instance, with Liverpool aiming to be one of the UK's first autism-friendly cities, along with other high-profile organisations from across the city, Tate Liverpool signed a charter committing to being Autism Champions and making its venues more autism friendly.

## Creating rewarding experiences for visitors

The new Tate Modern offers visitors a wide range of new choices, from the shops and restaurants, to specific initiatives such as the Surrealist Photo-booth that accompanied *The Radical Eye: Modernist Photography from the Sir Elton John Collection*. Two Bloomberg funded Explore Spaces were launched in the Blavatnik Building using innovative technology to create immersive experiences for performance art and in the *Artist Cities* display on Level 4. Such use of audio and film has proved very popular with visitors, with both rooms receiving over 10,000 visitors per month.

There has been innovation and improvement across all Tate's galleries. When it is fully open in autumn 2017, the new Tate St Ives will offer a refreshed range of opportunities for visitors, not least the learning and family spaces which opened late in this financial year. Tate Liverpool regularly takes part in *Light Night*, the city's late night arts festival and in 2016 this included *Fête at Tate*, an evening event that brought together art, food and music.

September saw the culmination of an eighteen-month project in which colleagues from Tate Britain, Tate Modern, Tate Liverpool and Tate St Ives Visitor Experience, Enterprises, Catering and Security teams worked to redefine and rethink the welcome offered to visitors and to meet their changing needs and expectations. During May and June 2016, 25 focus group workshops were convened with more than 500 colleagues to draw on ideas, experience and expertise to define what makes exceptional service at Tate and what Tate's priorities should be for the future.

Alongside the work on Tate's audiences and the experience that visitors have in gallery, Tate's marketing team unveiled a refreshed brand to coincide with the opening of the new Tate Modern. This maintained Tate's distinctive visual presence, but simplified it, making for clearer communication with visitors and prospective audiences. Media and advertising for exhibitions and other offers are more distinctive, with campaigns carrying clear links to Tate's vision of championing the role of art in society.

## Inspiring learning and research

The launch of Tate Exchange at both Tate Modern and Tate Liverpool was the most significant development of this year in learning. It is an annual programme in which Tate works with artists, collaborators and the public to examine different social themes through art and the displays at Tate. Collaborating partners are drawn from across different sectors and work with Tate over the course of year, programming the space together.

A particular ambition of Tate Exchange is to bring new and different audiences into the gallery, opening them to the experience of art and bringing their perspectives to bear on art and the issues discussed. In all, over 120,000 people visited Tate Exchange across Tate's sites in the first year. This included a higher Black, Asian and Minority Ethnic audience in Tate Exchange compared to the average figure for Tate Modern. The programme also has the aim of working with over 40% of under 25s, providing open and accessible cultural educational opportunities for a wider public.

This year saw the conclusion of Circuit, a four-year project focusing on those under 25. Led by Tate and funded by Paul Hamlyn Foundation it has connected 135,000 young people to the arts by giving them a chance to influence organisations through peer-led activities such as festivals and workshops. The aim has been to move young people from the periphery to the centre of decision-making in arts institutions. Over the years, Tate has worked with a wide range of youth sector partners and Plus Tate network institutions Firstsite, MOSTYN, Nottingham Contemporary, Whitworth Art Gallery, Wysing Arts Centre and Kettle's Yard on events and activities which were attended by a total of over 35,000 people. The average age of those taking part was 22 and around a quarter were from BAME backgrounds. This year, a major conference *Test, Risk, Change* at Nottingham Contemporary examined the impact of Circuit. A day of debate involved 165 people who had taken part in the project and explored how the arts and youth sectors can work together effectively in turbulent social and political times.

Meanwhile, Tate's learning programmes continued a wide offer that encourages young people and others to learn with, through and about art. Over 195,000 school children visited Tate this year. More than 4,000 students took part in artist-led schools workshops in London and 32 Special Education Needs workshops offered specially-devised sessions for those with disabilities. In London, more than 70,000 took part in specially designed activities for families throughout 2016-17.

Tate also provided professional learning opportunities. The first edition of *Tate Intensive: Making Tomorrow's Art Museum*, took place 4-8 July 2016. A group of 30 museum professionals from Brazil, China, South Korea, Russia, Greece, Portugal, Australia, New Zealand, Canada, the US, India and the UK, came together for a series of activities and workshops led by contributors including Tate staff, artists and other culture professionals. Jointly organised by Public Programmes and National & International Initiatives, Tate Intensive provided opportunities for experience sharing, professional development and network building and was the first in what will be an annual offer.

The Public Programmes team also organise specific events around exhibitions and other aspects of Tate's work. During *Robert Rauschenberg*, actor and writer Simon Callow gave a public reading of excerpts from Dante Alighieri's *Inferno*. In 1958, Rauschenberg produced one illustration for each of the thirty-four cantos of *Inferno* and the event saw Callow give selected readings alongside projections of Rauschenberg's illustrations.

Tate is also a leading centre of research into British, modern and contemporary art. Research at Tate is conducted across departments and, in a move that saw collaboration across research, digital and curatorial teams, the opening of the new Tate Modern led to the publication of new online summaries for most of the works on display. Elsewhere, five Collaborative Doctoral Partnership awards were made, allowing students to contribute to Tate programmes while researching their dissertations.

This year, a two-year research project culminated in the publication online of *Performance at Tate: Into the Space of Art*. The project mapped the previously little known history of Tate's engagement with performance from the 1960s to today, highlighting its leading role in framing and interpreting performance. The project was supported by the Arts and Humanities Research Council and undertaken in collaboration with the University of Exeter.

Online, the *In Focus* series continued to deepen understanding of new acquisitions as well as of both major and less familiar artworks, with nine papers published this year. The paper on Constable's *Salisbury Cathedral from the Meadows*, demonstrated that the rainbow was added by Constable in memory of a friend and attracted

nationwide coverage. Elsewhere, work continued on cataloguing the Turner Bequest and on the project *Refiguring American Art*, supported by the Terra Foundation. Covering a broad range of artistic and museum-related topics, Tate's research journal, *Tate Papers* (a further eleven of which were published this year), focused on collaboration and restraints on practice, whether political, material or self-imposed.

## Promoting digital growth and engagement

2016-17 saw significant growth in traffic to Tate's website and in social media. This was the result of much work to refresh Tate's online presence, improving and updating it to meet the needs of ever-changing online use and behaviour. The entire Art & Artists section of the website was moved to mobile responsive templates with simpler navigation and the new Tate visual identity. This contributed to the growth of organic traffic to the website and increase in visitors using mobile devices. Visits to the website increased by 17% year on year to 15 million. The responsive templates have increased mobile traffic by 47% and have also led to an increase in sales of ticketing and membership via mobile devices.

In social media, Tate both attracted greater audiences and used channels in new ways. At the end of 2016-17 Tate had 1.1 million followers on Facebook, 3.8 million on Twitter, 1.4 million on Instagram and 1.6 million video views on YouTube with an additional 22,000 subscribers. Since the launch of *Tate Shots* in 2017, over 7 million have viewed videos made by Tate about the Collection displays, exhibitions and artists. Social media has become the primary means by which many around the world access Tate. To this end, a partnership with Facebook has funded and promoted a series of 360 degree films which take Tate and its work to new audiences. The film for *Georgia O'Keeffe* proved particularly successful, achieving 3.5 million views in one week.

Digital work also allows Tate to bring the experience both inside and outside the gallery together. The way-finding app, sponsored by Bloomberg, was launched at Tate Modern and Tate Britain in May 2016. It offers visitors 3 options: to find out about art on display at each gallery, to see all activities happening that day and to find places to eat and shop. It gives directions around the galleries, using beacons to map the visitor's location and has short audio clips about the Collection and displays. The app is now available for iOS and Android phones and a version has been launched specifically dedicated to Tate Liverpool, with another to be launched at Tate St Ives when the new building opens in the autumn. By the beginning of March 2017, the app had been downloaded 17,755 times, 85% of sessions are from the UK, but it has also been used in countries as diverse as the US, Switzerland, Russia and Mexico.

Behind the scenes, a major project is underway to improve the digital infrastructure that determines the quality of people's experience with Tate. This will make it easier for people to buy tickets at the same time as purchasing products from the shop and also improve Tate's ability to offer a more personalised service to users.

Finally, in the digital realm, the 2016 winner of the IK Prize was *Recognition* which used artificial intelligence to match a live stream of news images with British art in the Collection. The project was sponsored and produced in collaboration with Microsoft and used Artificial Intelligence to create matches. It encouraged visitors to the gallery to produce their own matches and the project learned as it went, so was also an experiment in how a computer can learn from human and visual behaviours.

## Developing and nurturing UK and global partnerships

Through programmes like Plus Tate, the British Art Network and ARTIST ROOMS, Tate is prominent in working with partners throughout the UK. Partnership defines Tate's national and international work, with members of staff working with colleagues in institutions around the world in ways that both allow the institution to learn from others and enable Tate to share its expertise more widely.

ARTIST ROOMS shares modern and contemporary art with museums and galleries across the UK. The ARTIST ROOMS collection of over 1,600 works by more than 40 international artists is jointly owned by Tate and the National Galleries of Scotland on behalf of the public. Anthony d'Offay established the collection in 2008 specifically to help young people explore the work of major artists through dedicated solo exhibitions. His donation of 50 'ROOMS' of art was one of the largest and most important ever made to a museum in Britain. Since 2009 there have been 151 exhibitions in 77 venues to date; over 40 million people have visited ARTIST ROOMS exhibitions and more than 600,000 young people have taken part in creative learning projects supported through the programme.



In October 2016, a new phase of the UK-wide Associate exhibition programme launched, giving audiences the opportunity to see some of the most influential artists of the twentieth and twenty-first centuries in their local area. The ARTIST ROOMS team will be working in collaboration with more than thirty museum and gallery partners participating in the new programme over the next two and a half years, which will run until March 2019.

The network of thirty-four Plus Tate institutions continued an annual programme of seminars and events on topical themes, which is designed to expand knowledge, share practice and foster collaboration. In September 2016, Plus Tate also formed the core of a symposium on museum partnerships with other national museums with art collections in York. The discussions from the day were worked into a set of principles which were then submitted as a joint response to the Museums Review, providing the Reviewing team with information on the importance of partnership activities to the sector.

Through the *Aspire* programme, Tate has developed a model whereby major acquisitions are made, led by Tate and on behalf of a group of partners, ensuring that the benefit of work acquired on behalf of the nation is shared as widely as possible. In 2016-17, *Aspire*, based on John Constable's *Salisbury Cathedral from the Meadows*, saw the painting shown in Oriol y Parc and Salisbury, providing a focus of learning activities. In Salisbury, for example, the painting was recreated in almost life-size proportions by over 700 visitors using Lego, a tableau that was displayed for two weeks opposite Constable's work in the Main Exhibition Galleries of Salisbury Museum, before moving to Salisbury Library. The painting and the *Aspire* programme have also been the focus of research which in September 2016 was launched with a dedicated web presence.

This year William Stott of Oldham's *Le Passeur (The Ferry)* c1882 was acquired with funds provided by Heritage Lottery Fund, Art Fund (with a contribution from the Wolfson Foundation) and The Hintze Family Charitable Foundation. This acquisition by Tate followed a model similar to that of *Salisbury Cathedral from the Meadows* in an activity plan being made jointly with partner galleries, in this case Southampton City Art Gallery, Gallery Oldham and Aberdeen Art Gallery. An associated programme of skills exchange workshops has been designed to nurture the exchange of skills that will build capacity to share works of art from national (and other collections), for the benefit of colleagues from 100 museums, galleries and other venues across the UK from 2017.

Tate's international work builds both Tate's and the UK's reputation overseas and also contributes income. It is also achieved through the collaboration of colleagues from across departments. The collaboration between Tate's Partnerships and Programmes team and colleagues across the organisation on *Tate Intensive: Making Tomorrow's Art Museum*, has been described above. Another example that provides for professional development is the Brooks Fellowship scheme, of which this was the second year. It is run in partnership with the Delfina Foundation and funded by the Rory and Elizabeth Brooks Foundation and sees three fellows hosted across Tate departments. This year, fellows came from Italy, the Netherlands and Pakistan and worked with Tate Modern Curatorial and Tate Research Centre Asia. Over 200 applications were received from 45 different countries, a sign of the fellowship's reach and success.

Training has also been a significant part of Tate's international work. In response to a request from the National Gallery Singapore, three colleagues from the Collection Care team delivered a 1.5 days Courier Training Programme to a group of art handlers and technicians in February 2017. Other forms of collaboration include international touring exhibitions. Drawn from the Collection, these represent a major strand of income and also promote Tate and the UK overseas. This year, *London Calling* was the first exhibition in the United States to highlight the work of six of the leading artists who revolutionised and reinvigorated figurative painting in the later 20th century: Francis Bacon, Lucian Freud, Leon Kossoff, Michael Andrews, Frank Auerbach, and RB Kitaj. When shown at the J Paul Getty Museum, Los Angeles between July and November 2016, it attracted over 167,000 visitors and an extended version of the exhibition will tour to the Museo Picasso Malaga and AROS, Aarhus in 2018. Other touring Collection shows this year included *Nude: Art from the Tate Collection*, which attracted 80,000 visitors at the Art Gallery of New South Wales, Sydney and *Henry Moore: A European Impulse*, which attracted 55,000 to LWL-Museum für Kunst und Kultur in Münster.

## Developing the people and culture of Tate

The organisation's focus on dignity and respect continued this year with the conclusion of the first stage of an inclusive leadership programme for all staff. The year also saw the greater integration of Tate's diversity groups and the wider Tate for All forum with management and governance structures across the organisation. This has come to fruition with the involvement of these groups in major elements of the programme such as the shows *Soul of a Nation* and *Queer British Art*, which will feature in 2017-18.

Featuring in the top 100 of the Stonewall Workplace Index gave fitting recognition to the work that Tate has done to ensure an inclusive environment. The assessment criteria address progress against all the legally

protected characteristics and Tate's placement in the Index is a mark of the success of the Dignity and Respect policies that have been developed in recent years.

The Human Resources team, like many areas of the organisation, focused much effort this year on the successful opening of the new Tate Modern. New staff needed to be recruited and inducted into the organisation and this was done successfully and smoothly, ensuring that the teams were in place to welcome visitors to the new building and manage its success. Elsewhere, a programme of line management training was launched for the benefit of managers across the organisation. Some of the programmes are mandatory, ensuring consistency in skills and knowledge across the organisation. However, others are optional and open for members of staff to choose in order to further their professional development.

## Sustainability

### **Operations and sustainability**

Environmental sustainability is a prime consideration across Tate's work, from the way food is sourced for cafés and restaurants, to the way buildings are managed and exhibitions created. Since 2007, Tate has been working to reduce the environmental impact of its estate and operations, lead and influence the cultural sector, and inspire and engage visitors on sustainability. With the new Tate Modern now open and Tate St Ives to fully open in the autumn 2017, Tate's buildings continue to incorporate the latest technologies in consideration of a sustainable future.

Tate restaurants are now part of the Sustainable Restaurant association working towards a wide array of sustainability challenges that are often overlooked. In 2016 Tate was awarded a gold Green Apple Award for sustainability achievements.

### **Greenhouse gas emissions**

Tate has been measuring and reporting emissions since 2007 and set 2007-08 as a baseline year for reductions, mainly for Scope 1 and 2 emissions. Tate has since achieved the Carbon Trust Certification twice.

Overall Tate's carbon emission for Scope 1 and 2 have reduced by 19% since the baseline year and efficiencies continue to have been delivered alongside the opening of the new Tate Modern. This is partly due to warmer winters as well as numerous energy-saving interventions which have been made across the estate during this time. These initiatives have included plant replacement (new chillers for Tate Modern), LED gallery lighting, changes to air conditioning control strategies and the installation of solar panels (PV) on the roof of Tate Modern.

Energy expenditure has slightly increased since 2015-16 with increased usage from a larger estate partially offset by lower commodity prices. Tate's exposure to financial risk is reduced by purchasing energy up to 30 months in advance of consumption through the Crown Commercial Service framework agreement. Through the framework, Tate can be guaranteed that 16.3% of energy supplied comes from renewable sources. The Carbon Reduction Commitment is a legislative scheme which requires payment for carbon emissions associated with energy use.

Business travel emissions data is based on a combination of actual business travel mileage from centralised travel providers and estimated mileage using the Carbon Trust methodology. Scope 3 emissions from business travel are 4% lower than the baseline year (2013-14).

Scope 3 emissions from water use have increased by 71% on the base year mainly due to water abstraction for boreholes (required for the cooling system for the new Tate Modern). Electricity transmission and distribution emissions have fallen by 8%, since the base year, reflecting the savings made through a water and energy reduction programme.

<b>Greenhouse gas emissions (tCO<sub>2</sub>e)</b>		2013-14	2014-15	2015-16	<b>2016-17</b>	% change on base yr
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>1</sup>	Scope 1 & 2 emissions					
	Scope 1 <sup>2</sup>	3,226	3,083	3,084	<b>3,420</b>	(11)
	Scope 2	11,692	11,869	11,973	<b>10,941</b>	(21)
	Total Scope 1 & 2	14,918	14,952	15,057	<b>14,361</b>	(19)
	Total Scope 1 & 2 tCO <sub>2</sub> e per m <sup>2</sup>	0.157	0.154	0.160	<b>0.122</b>	(33)
	Scope 3 emissions					
	Business travel <sup>3</sup>	971	783	777	<b>907<sup>4</sup></b>	(7)
	Water use <sup>5</sup>	75	71	142	<b>200</b>	71
	Electricity transmission & distribution	994	1,015	989	<b>990</b>	(10)
	Total Scope 3	2,040	1,869	1,908	<b>2,097</b>	(4)
Total Scope 1-3	16,958	16,821	16,965	<b>16,458</b>	(22)	
Energy use (million kWh)	Electricity, non-renewable <sup>6</sup>	22.3	22.7	22.0	<b>22.2</b>	(21)
	Electricity, renewable <sup>7</sup>	3.8	3.9	3.9	<b>4.4</b>	-
	Total electricity	26.1	26.6	25.9	<b>26.6</b>	(5)
	Gas	15.9	16.7	16.3	<b>18.6</b>	11
	Total kWh per visitor	6.0	5.5	6.4	<b>5.3</b>	(8)
Expenditure (£000)	Energy	2,925	3,037	3,025	<b>3,032</b>	33
	Carbon reduction commitment	201	272	266	<b>242</b>	28
	Business travel	736	721	620	<b>741</b>	1

### Waste and finite resources

During 2016-17 Tate has continued to make substantial progress in waste management. All London sites are now working with a full recycling service, which allows the separation of glass, food and mixed recyclables. Going forward, it is the intention to implement a full recycling service at Tate Liverpool and Tate St Ives. Tate's commitment to reduce waste to landfill is evident and has decreased by 100% since the baseline year. Overall production of waste has decreased by 8% from the baseline year and includes a significant increase in waste being recycled/reused, composted (via anaerobic digestion) and also sent to energy from waste. The increase in waste production from 2015-16 was a result of the opening of the new Tate Modern.

Waste costs have increased 31% since the baseline year, mainly due to the addition of different waste streams together with the opening of the new Tate Modern in 2016. However, Tate has embarked on a waste cost minimisation and resource programme, which will bring savings in the years ahead.

<sup>1</sup> All emissions calculated and updated using relevant Defra conversion factors <http://www.ukconversionfactorscarbonsmart.co.uk/>

<sup>2</sup> Includes emissions from natural gas consumption and refrigerants

<sup>3</sup> All business travel including international air and rail travel

<sup>4</sup> Based on a combination of actual business travel mileage data from centralised travel providers and estimated mileage using the Carbon Trust methodology

<sup>5</sup> Mains water only and boreholes abstraction, in line with Government guidance. All figures updated with water treatment and supply conversion factors, in line with Defra guidance

<sup>6</sup> Electricity procurement through Crown Commercial Services, all other Tariffs Fuel Mix info <https://ccs.edfenergy.com/fuel-mix>

<sup>7</sup> Includes renewable average of 16.3% on total electricity consumption

Water use under Scope 2 (Finite Resource Consumption) increased from 2015-16 and is up 71% from the baseline year due to the water abstraction for boreholes for the cooling system at Tate Modern.

<b>Finite resources: Waste</b>		2013-14	2014-15	2015-16	2016-17	% change on base yr
Waste (tonnes)	Landfilled	22	14	9	1	(100)
	Reused/recycled	368	510	448	771	343
	ICT waste reused/recycled	1	5	6	1	3
	Composted <sup>8</sup>	121	106	206	252	276
	Energy from waste	309	303	282	278	105
	Incineration without energy recovery	-	-	-	-	-
	<b>Total waste<sup>9</sup></b>	<b>821</b>	<b>938</b>	<b>951</b>	<b>1,303</b>	<b>(8)</b>
	<b>Total waste tonnes/m<sup>2</sup></b>	<b>0.0097</b>	<b>0.0097</b>	<b>0.0110</b>	<b>0.0119</b>	<b>(17)</b>
Spend (£000)	Landfilled	14	12	4	-	(100)
	Reused/recycled	53	49	54	86	54
	ICT waste reused/recycled	N/A	N/A	N/A	N/A	-
	Composted	25	20	47	35	150
	Energy from waste	34	45	44	42	11
	Incineration without energy recovery	-	-	-	-	-
	<b>Total waste</b>	<b>126</b>	<b>126</b>	<b>149</b>	<b>163</b>	<b>31</b>

<b>Finite resources: Water</b>		2013-14	2014-15	2015-16	2016-17	% change on base yr
Water use (m <sup>3</sup> )	Total scope 1 & 2	102,156	72,522 <sup>10</sup>	144,820 <sup>11</sup>	190,495 <sup>12</sup>	71
	Scope 2 m <sup>3</sup> per m <sup>2</sup>	0.82	0.84	1.54	1.62	26
	Total scope 2 litres per visitor	10.1	9.18	21.80	22.55	54
Expenditure (£000)	Water supply	153	124	172	205	34

### Biodiversity action planning

Tate, in partnership with its ISO 14001-certified landscape contractor, actively works to preserve and enhance biodiversity within its estate. Varied habitats are provided wherever possible and in 2014 staff planted a perennial wildflower meadow in the Tate Britain staff garden. Tate has kept bees on the roofs of Tate Modern and Tate Britain since 2010.

### Fulfilment of Museums and Galleries Act aims

Tate's fulfilment of the Museums and Galleries Act aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: gallery activities, gallery operations and Collections. Gallery activities comprises all those costs associated with the public programmes of the four Tate galleries and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the Tate Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

### Immunity from seizure

From 18 June 2008 Tate is an approved body under Section 136 of the Tribunals, Courts and Enforcement Act 2007. This means that, subject to meeting the conditions set out in the Act, objects on loan from outside the United Kingdom for the purposes of a temporary exhibition may not be seized or forfeited by a United Kingdom court order (unless the court is required to make the order under European Community or international

<sup>8</sup> Disposal via anaerobic digestion

<sup>9</sup> Excludes waste from Tate St Ives and Chadwell Heath; current contractors cannot provide tonnages

<sup>10</sup> Nil extraction from Tate Modern boreholes following testing over previous two years

<sup>11</sup> Mains water usage 75,937 m<sup>3</sup>, borehole usage 68,883 m<sup>3</sup>

<sup>12</sup> Mains water usage 78,034 m<sup>3</sup>, borehole usage 112,461 m<sup>3</sup>

obligations). In accordance with regulations made under the Act, Tate publishes on its website specified information about such protected objects. This includes details of the provenance of the objects including a statement indicating whether or not Tate possesses a complete history of ownership between the years 1933 and 1945.

Tate's Due Diligence Policy is published online as part of the Freedom of Information Publication Scheme and on the Immunity from Seizure pages of Tate's website. Tate has its own staff training materials for provenance research and internal staff meetings are held to discuss issues relating to immunity from seizure and due diligence.

Over the 2016-17 period, thirteen exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 441 works. The exhibitions are listed below.

<i>Alexander Calder: Performing Sculpture</i>	36
<i>Performing for the Camera</i>	1
<i>Paul Nash</i>	1
<i>David Hockney</i>	17
<i>Georgia O'Keeffe</i>	113
<i>Robert Rauschenberg</i>	176
<i>Mona Hatoum</i>	1
<i>The EY Exhibition: Wifredo Lam</i>	51
<i>Bhupen Khakhar: You Can't Please All</i>	22
<i>Francis Bacon: Invisible Rooms</i>	10
<i>Maria Lassnig</i>	1
<i>Yves Klein</i>	1
<i>Edward Krasinski</i>	11
<b>TOTAL</b>	<b>441</b>

## Performance indicators

Performance indicators agreed with DCMS as part of the annual funding agreement process were achieved as follows:

<b>Performance indicators</b>	<b>Actual 2017 000s</b>	Actual 2016 000s
<b>Access</b>		
Number of actual visits	<b>8,448</b>	6,662
Number of unique users visiting the website	<b>15,030</b>	12,791
<b>Audience profile</b>		
Number of visits by children under 16	<b>591</b>	443
Number of overseas visits	<b>3,963</b>	3,109
<b>Learning/outreach</b>		
<b>Children</b>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	<b>195</b>	203
Number of instances of visitors under 18 participating in on site organised activities	<b>359</b>	254
<b>Visitor satisfaction</b>		
Percentage of visitors who would recommend a visit	<b>98%</b>	94%
<b>Income generation</b>		
<b>Self-generated income</b>		
Admissions	<b>8,205</b>	5,139
Trading income	<b>33,304</b>	24,440
Fundraising (including capital)	<b>50,482</b>	77,395
Fees and other income	<b>8,659</b>	11,165
Donated works of art	<b>20,995</b>	4,867
	<b>121,645</b>	123,006
<b>Regional engagement</b>		
Number of UK loan venues	<b>113</b>	112

Visitor figures were their highest ever at Tate Modern with 6.4 million people visiting in 2016-17. This is due to both the opening of the Blavatnik Building and a strong exhibition programme including *Georgia O'Keeffe*. Tate Modern continues to be the most visited gallery of modern and contemporary art in the world.

Visitor figures at Tate Britain for 2016-17 were 1.4 million, a small increase from 2015-16, with *The Turner Prize* and *Paul Nash* both exceeding budget and the opening of *Hockney* being very successful.

Tate St Ives was closed from October 2015 to March 2017 for capital works.

Tate Liverpool has exceeded its visitor figures target with 636,000 visitors coming to visit the exhibitions and Collection displays.

The number of unique users visiting the website has increased to over 15 million after significant investment in the website.

The audience profile in 2016-17 has a greater number of visits by children under 16 and overseas visitors than in 2015-16, largely as a result of the new Blavatnik Building.

The number of visitors under 18 participating in on site organised activities has increased by 105,000. This has mainly been driven by the expanded learning programme from Tate Exchange and also *Late at Tate* at Tate Britain, which has refocused energy on attracting a younger audience.

As a result of an expanded exhibition programme due to the additional galleries in the Blavatnik Building and the strong exhibition programme, admissions income has increased significantly in 2016-17.

The expansion of Tate Modern has also increased the number of catering and retail outlets and therefore trading income has increased from £24 million to £33 million in 2016-17.

The decrease in fundraising income reflects the Tate Modern project being completed in 2016-17.

The number of donated works of art increased by 27% over 2015-16 and significant works included *Frederick Howard, 5th Earl of Carlisle* 1769 by Sir Joshua Reynolds and *Epidauros II* 1961 by Barbara Hepworth both acquired through the acceptance in lieu scheme administered by Arts Council England, as well as *State Britain* 2007 by Mark Wallinger and *The Shore* 1958 by Luc Tuymans.

## Financial review

In line with relevant reporting requirements, the consolidated statement of financial activities combines income and expenditure, capital (including major capital projects) and acquisitions for the Collection (including donated works of art). In terms of controllable revenue and expenditure items in the income and expenditure statement, Tate has again managed to deliver a surplus in a volatile and challenging economic environment as a result of tightly controlling costs, strong end of year income from *Hockney* and a transfer of net assets from Tate Members.

The consolidated statement of financial activities on page 42 shows total income and endowments of £162,295,000 (£156,083,000 in 2015-16). Of this amount £24,367,000 (£59,113,000 in 2015-16) was applied to the ongoing capital programme, £27,896,000 (£12,820,000 in 2015-16) to Collection acquisitions and £nil (£nil in 2015-16) to endowments. The remaining £110,032,000 (£84,150,000 in 2015-16) was taken to general funds to be applied to ongoing operations (see expenditure below).

Tate received £40,251,000 of Grant in Aid (£32,691,000 in 2015-16), provided through DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £35,851,000 (£28,651,000 in 2015-16);
- major capital expenditure grant of £nil (£1,600,000 in 2015-16); and
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £4,400,000 (£2,440,000 in 2015-16).

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £122,044,000 for the year (£123,392,000 in 2015-16).

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated statement of financial activities on page 42 shows total expenditure of £140,571,000 (£109,213,000 in 2015-16). Of this amount £36,562,000 (£23,044,000 in 2015-16) was applied to the ongoing capital programme, £55,000 (£52,000 in 2015-16) to Collection acquisitions and £103,954,000 (£86,117,000 in 2015-16) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £27,438,000 to the Collection (£14,470,000 in 2015-16). Of this figure, £20,995,000 has been donated by individuals either directly or in lieu of tax (£4,867,000 in 2015-16). Funding for purchased works of art has come from many sources, including the Art Fund, Tate Members, Tate Patrons and self-generated income.

Reserves and funds carried forward of £1,622,379,000 (£1,445,640,000 in 2015-16) are:

	<b>2017</b>	2016
	<b>£000</b>	£000
Revaluation reserve	<b>660,616</b>	507,385
Capital reserves	<b>487,969</b>	500,115
Works of art reserves	<b>445,134</b>	417,117
General reserve	<b>15,590</b>	9,499
Endowment funds	<b>12,433</b>	10,981
Other restricted reserves	<b>586</b>	492
Other designated reserves	<b>51</b>	51
	<b>1,622,379</b>	1,445,640

For more details on reserves, please refer to note 16. For pensions accounting, please refer to note 8.

## Fixed assets

Tate has property holdings in London, Liverpool, St Ives and Dean Hill, Salisbury.

The freeholds of the gallery and land at Millbank, London and the Barbara Hepworth Museum at St Ives, were transferred from the Secretary of State for the Environment to the Board of Trustees of the Tate Gallery on 14 December 1994. The Trustees hold the property on the Liverpool and Dean Hill sites on long leases. Tate St Ives was constructed for and is owned by Cornwall County Council; the Board of Trustees of the Tate Gallery manages the gallery on behalf of Cornwall County Council. Tate Modern is held under a finance lease entered into in October 1998, the principal elements of which are described in note 20 to the accounts. The Trustees purchased the freehold of the Collection Store at Southwark on 31 March 1999.

Additions to tangible fixed assets during the year of £22,189,000 (£62,178,000 in 2015-16) comprise £20,761,000 (£60,562,000 in 2015-16) in relation to buildings, assets under construction and leasehold improvements and £1,428,000 (£1,616,000 in 2015-16) on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £27,438,000 in the year (£14,470,000 in 2015-16) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £20,995,000 (£4,867,000 in 2015-16). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 10.

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2017 by Deloitte, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. Following the revaluation and subsequent modified historic cost adjustments, the revaluation reserve amounted to £660,616,000.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold in note 9 to the accounts.

On 30 September 2010 the rentals on the Tate Modern finance lease were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. At the end of 2016-17 there were 85 years remaining on the lease. Following the commutation the annual rent is £10,000 per annum.

## Subsidiary undertakings

The results of Tate's trading subsidiary are summarised in note 11 to the financial statements, together with other consolidated companies.

## Collection fund

The origin of the fund goes back to 1995. Following the theft of two works by JMW Turner while on display in Germany, Tate received £24 million of insurance proceeds. Since this time funds have continued to be added.

In February 1999 the Trustees took the view that stolen works do normally reappear and therefore purchased title to the stolen paintings from the insurers at a price significantly below the original £24 million of proceeds. The purchase guaranteed that the works would be restored to the Turner Bequest should they re-emerge.

In December 2002, the paintings were restored to the Turner Bequest. During 2004-05 the Charity Commission agreed that the remaining funds were available for the general purposes of Tate and that Tate Trustees were free to use the funds for the benefit of the Collection as a whole.

At that time the Trustees decided to designate the funds as the Collection Fund. On designation £10 million was earmarked as a capital sum, the income from which will be used to purchase works of art to enhance the Collection. The balance of the fund will benefit the long-term care of the Collection including research, conservation and improving access to Tate's Collection Store in Southwark. This fund has been temporarily redesignated to assist with the cash-flow funding of the capital projects; on completion of the projects it is intended to return the fund to its original designation.



## Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2016-17 67% (62% in 2015-16) of invoices were settled in 30 days or less.

## Going concern

The accounts have been prepared on the going concern basis. The anticipated income from government grant and self-generated income will be sufficient to meet Tate's ongoing expenses. There are no material uncertainties which may create significant doubt over Tate's ability to continue as a going concern.

## Reserves policy

The Trustees review the reserves held annually. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £15,590,000, equivalent to fourteen weeks' worth of charitable expenditure, excluding capital. It is the intention to reduce the general reserves back to the value of two months' charitable expenditure during the course of the next financial year. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 16.

## Investments

An Investment Committee monitors the performance of the investment portfolio. Only funds intended to be held as long term endowments are held as investments. Tate's investment managers must ensure that all investments are suitable under the Standard Investment Criteria of the Trustee Act 2000. The objective is to seek to achieve an income yield of 2.5% of the preceding year's closing value under normal market conditions, whilst aiming to grow capital ahead of inflation as defined by the Consumer Price Index over time. Both income generated and capital gains realised may be utilised by Tate for the purpose specified under each endowment. Tate's investment managers advise on the investment strategy required to meet the objective.

The investment return for the year was 18.6% (-0.4% in 2015-16). At 31 March 2017, the investment fund was valued at £12,983,000 (£11,420,000 in 2015-16); historic cost £10,279,000 (£10,123,000 in 2015-16).

## Future developments

Tate's mission is to increase public enjoyment and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Its strategy is designed to fulfil this mission within the policy and resources framework available. Tate's objectives, established in 2014-15 and central to the Tate Plan to 2019-20, are:

- to champion art and artists;
- to develop a sustainable operating model for the future;
- to complete the capital programmes;
- to welcome broad and diverse audiences;
- to create rewarding experiences for visitors;
- to inspire learning and research;
- to promote digital growth and engagement;
- to develop and nurture UK and global partnerships; and
- to develop the people and culture of Tate.

Over the coming period, Tate will build on its achievements in these areas. To do so, it will:

- continue to develop the Collection in ways that reflect and provide insight for the public and researchers into artistic practice in the periods that Tate covers and as they emerge and develop. Specifically, it will continue to:

- present a broader account of regional art histories across the world, with a continued emphasis on Latin America, Asia Pacific, Eastern Europe and a new focus on the Middle East, Africa and South Asia;
- extend representation of artistic practice including photography, media and performance;
- strengthen representation of female artists;
- present a programme of research and scholarship across the range of Tate's activities to build the intellectual leadership and research capacity of Tate, including through the foundation of a new research centre, working collaboratively across different parts of the organisation and linking research projects to Tate's public programme;
- provide excellent public programmes by presenting a range of different perspectives and voices on art within Tate's physical galleries as well as online and through social media platforms;
- continue to serve current audiences throughout the UK while reaching out to a broader range of audiences with a particular aim to:
  - inspire families and young people from an early age, recognising that those who engage with arts and culture as young people are more likely to continue to do so as adults;
  - engage audiences who live locally to Tate's activities;
  - work with partners, either on specific projects, through networks like Plus Tate or through loans to bring the benefits of Tate's work to as many parts of the UK as possible;
  - develop a strategic approach to the management and co-ordination of Tate's international activities including touring, partnerships, loans and learning programmes;
  - build on the website's worldwide reach, consolidating it as a platform for discussion and the extension of Tate's presence on other web and social media platforms;
  - continue to improve Tate's facilities, visitor services and staff to ensure every visit to Tate is an excellent experience; and
- collaborate in the development of industry-wide standards to reduce the environmental impact of the sector while leading on the implementation of changes to Tate's own work, practices and buildings management.

The following activities underpin these plans:

- completing and opening of the new Tate St Ives;
- building and maintaining strong, long-term relationships with the artistic community, supporters, donors and funding bodies essential to Tate's future by:
  - recruiting high-quality non-executives and making continual improvements to Tate's governance and decision making;
  - continuing Tate's ambitious fundraising programme, with particular focus on Tate's capital development projects and maintaining revenue fundraising;
  - effectively co-ordinating and supporting staff across the organisation to manage devolved relationships with key stakeholders;
- enhancing the experience enjoyed by and building the skills of those who work for Tate, ensuring Tate is resourced for the future and can continue to attract high calibre staff by:
  - delivering Inclusive Leadership Training for all employees;
  - ensuring a fair and sustainable pay structure for Tate;
- ensuring effectiveness through financial and operational rigour and continued process improvements to improve operating and overhead efficiency; and
- generating revenue through the Tate Enterprises division and Tate Catering, in particular through maximising the opportunities presented by public programmes throughout the year.

## Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in May 2016, describes Tate's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors and is available on Tate's intranet.

The policy sets out the roles and responsibilities for risk management, including those for the Trustees, Audit Committee and the Directors Group. The Trustees have responsibility for ensuring effective risk management processes are in place across Tate, the monitoring of which has been delegated to the Audit Committee. The actual risk management processes are the responsibility of Tate management and are embedded in the management process.

Risk is reported at divisional and Tate-wide levels, as well as for major capital projects. Directors are responsible for maintaining a risk register for their division. The most significant risks facing Tate are detailed in the corporate risk register, which is reviewed by directors and the Audit Committee twice a year. The risks have all been assessed and scored for impact, probability and proximity and a mitigation policy has been formulated taking into consideration the targeted risk profile. Each risk is assigned a risk owner.

Risks are explicitly reviewed:

- as part of the annual planning and budget process;
- as part of policymaking;
- by the Audit Committee, consisting of Members of the Board of Trustees and co-opted members, which meets four times a year;
- at Executive Group and Director's Group meetings, with appropriate action being taken as necessary;
- at a divisional level and acted upon where necessary;
- by the capital project boards.

Tate Catering and Tate Enterprises risk registers are reviewed by Tate Enterprises' Audit Committee.

The targeted risk profile of Tate is defined against the following risks:

- programme/content;
- regulation/compliance;
- reputation;
- health and safety, security;
- financial.

The targeted risk profile is reviewed annually and approved by the Audit Committee, most recently in May 2017.

At Tate the main processes in place for identifying, evaluating and managing risk are:

- to ensure that risk identification is an integral part of the annual planning and budgeting process with risks linked to objectives;
- performance against budget and objectives is regularly reviewed by the Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees;
- clearly defined capital investment procedures and formal project control disciplines;
- directors consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit Committee.

Risk management forms part of a biennial review by internal audit. The Board of Trustees has contracted the internal audit service to RSM, which operates to the standards defined in the Public Sector Internal Audit Standards. The work of the internal auditors is informed by an analysis of the risk to which the organisation is exposed and annual audit plans are based on this analysis. The analysis of risk and internal audit plans are approved by the Audit Committee and internal audit reports, key findings and progress towards the implementation of recommendations is reviewed at each meeting.

The internal auditors provide an annual report on the internal audit activity carried out. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of Tate's arrangements for governance, risk management and control, together with recommendations for improvement.

Based upon the programme of work undertaken by internal audit during 2016-17, the Head of Internal Audit provided the opinion that overall, Tate has an adequate and effective framework for risk management, governance and internal control. A partial assurance opinion, or better, was given for all nine assurance reviews carried out. However some areas were identified where the control framework and the application of controls could be improved. Action plans have been agreed to address the recommendations made.

## Significant risks

During the year the following significant changes have been made to the risk register:

- a reduction of risk around the completion of the new Tate Modern given the successful opening of the building.

The most significant risks are:

- ensuring that Tate has a sustainable operating and financial model in the medium to long term;
- the stability to the organisation of the transition of a new Director and new Chair of Trustees;
- understanding the impact of the new Tate Modern financially against the original planning assumptions now that the building has been operational for a year;
- the threat of terrorism in public places.

## Capital projects

Tate has one major capital project in construction phase, Phase 2 of Tate St Ives. The risks associated with the project are delivering to programme and budget. Governance arrangements are in place to ensure that all specific risks are managed.

## Employee involvement

Tate aims to promote a sense of ownership and involvement for all those who work and contribute towards its success. A range of formal and informal mechanisms operate to inform, engage, involve and gather ideas and feedback from employees.

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. Tate has a dedicated Internal Communications Manager and operates its own intranet site, TateNet, which contains a wide variety of information from news and updates about what is happening within Tate to vacancies and more detailed information on Tate policies.

To promote engagement and involvement of staff Tate has created staff networks: Tate Staff Council (a consultative body that brings together senior managers, employee representatives from all sections of Tate) and Tate's four Diversity Networks (Black, Asian and Minority Ethnic (BAME) network, the Disability network, Carers Network and the Lesbian, Gay, Bisexual, Transgender (LGBT) network). Tate's staff networks allow people who work at Tate to come together to focus on issues that are important to them and to Tate as a whole. They play an important role in helping Tate achieve its objectives by improving decision making and working towards a more inclusive culture.

Tate recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. The trade unions negotiate pay and pay-related conditions of service for all employees other than directors.

Tate is committed to understanding how employees feel about working for Tate and continuously improving this experience. This includes carrying out bi-annual employee surveys. The next survey is due to be carried out in September 2017.

## Disability and access

Tate respects the visible and non-visible differences between all of us and aims to be welcoming to everyone. Tate's commitment to becoming a truly inclusive organisation is set out in Tate's Diversity and Inclusion strategy which was adopted in 2015. This strategy sets diversity and inclusion objectives and KPIs to address barriers to access for audiences and Tate's workforce.

Tate is committed to ensuring that opportunities to work at Tate are open to all, including disabled people, and that disabled employees feel valued and able to be themselves in the workplace. Tate is part of the Disability Confident Scheme which replaced the Positive about Disability Two Ticks scheme in November 2016.

Tate took part in Disabled Access Day in March 2017 for the third successive year. This is an important opportunity to extend an invitation to disabled people who might not have visited a Tate gallery before because of concerns about access provision. Open days were organised at Tate Britain and Tate Modern offering informal introductory tours, touch tours of sculptures from the Collection displays and items from the Tate Archive, and British Sign Language (BSL) interpreted tours.

Tate is also currently working in partnership with Vocal Eyes to deliver visual awareness training for its visitor facing teams.

In March 2017, Tate employed 36 staff (33 in March 2016) who declared that they have a disability, as defined by the Equality Act 2010.

## Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 7.0 in 2016-17 (6.7 in 2015-16).

## Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of the incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. Based on severity these incidents are reported to the Information Commissioner's Office. There was one incident relating to data protection; the Information Commissioner was informed of this and was satisfied with Tate's response.

## Social policy

Tate aims to serve as wide a public as possible. It also has a voice in many aspects of society and does so both by seeking to reach new audiences and by examining the social relevance of the art it shows, encouraging audiences to relate their own views, outlooks and experiences to art. At Tate Liverpool, for example, young women from Holly Lodge Girls College and Liverpool YPAS (Young Persons' Advisory Service) developed an exhibition that explored themes and issues of relevance and importance to them and their peers using *My Bed* as a starting point for discussions.

At Tate Modern, a space for stories to be shared was created by working with artist Anton Kats and members of local day centres Age UK Lewisham & Southwark, Stones End Day Centre and Blackfriars Settlement. A series of workshops over six months took place at Tate and offsite which generated written stories and photographs that were edited and presented before a final performance that took place in the setting of Tate's Collection displays. The project brought new audiences and new voices to Tate, made visible the sometimes uncomfortable and challenging work of the community programme and created a safe space for older adults, adults with dementia, carers, staff and the public to be physically present together as stories and social interaction unfolded.

Signed

*Maria Balshaw*  
Director, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017

# Remuneration report

## Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, Managing Director and senior directors who report to the Director on an annual basis, is made up of the following Trustees: The Lord Browne of Madingley (Chairman), Mala Gaonkar, Tim Davie and Tom Bloxham (who retired from the Committee during the year).

## Policy on the remuneration of senior managers

Annual pay increases for those members of staff who come under the scope of the Committee are determined on the basis of an assessment of performance against agreed objectives and with reference to internal and external market comparisons.

All senior employees are members of the Principal Civil Service Pension Scheme (PCSPS) with associated redundancy and retirement conditions.

## Policy on duration of contracts, notice periods and termination payments

Senior staff are permanent employees of Tate. Notice periods for directors are six months; termination payments are in accordance with Tate contractual terms.

## Senior directors

In accordance with Treasury guidance per the Financial Reporting Manual (FRoM) paragraph 5.3.1 and the SORP (FRS 102), all entities are required to prepare a remuneration report containing certain information about the directors' remuneration. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

The Accounting Officer and the Audit Committee have decided that this requirement encompasses the five posts listed below, whose emoluments and pension details are disclosed. Tate considers that no other key management staff details need to be disclosed under this guidance for 2016-17.

The following paragraphs have been subject to audit.

The Director is eligible to receive a contractual bonus of up to 15% of salary, of which an amount equivalent to the average annual pay increase across Tate can be consolidated into his salary. The Managing Director is eligible to receive a contractual bonus of £25,000.

<b>Salary entitlements</b>		<b>2016-17</b>	2015-16
		<b>£</b>	<b>£</b>
Sir Nicholas Serota, Director	a	<b>199,797</b>	193,977
Kerstin Mogull, Managing Director	b	<b>179,838</b>	177,250
Chris Dercon, Director, Tate Modern	c	–	126,982
Caroline Collier, Director, Partnerships and Programmes		<b>100,000</b>	98,000
Penelope Curtis, Director, Tate Britain	d	–	30,717
Alex Farquharson, Director, Tate Britain	e	<b>91,776</b>	31,973
Frances Morris, Director, Tate Modern	f	<b>115,000</b>	Nil

<sup>a</sup> Includes a non-consolidated performance-related bonus of £21,717 (2015-16: £20,241);

<sup>b</sup> Includes a non-consolidated performance-related bonus of £25,000 (2015-16: £25,000);

<sup>c</sup> Chris Dercon stepped down as Director, Tate Modern on 31 March 2016, although he continued to be employed by Tate in another capacity until his departure on 31 August 2016;

<sup>d</sup> (2015-16 for the period to 31 July 2015 (full year salary £92,151));

<sup>e</sup> (2015-16 for the period from 23 November 2015 (full year salary £90,000));

<sup>f</sup> For the period from 1 April 2016.

	2016-17					2015-16				
	Salary (excluding non-consolidated performance-related pay)	Non-consolidated performance pay	Benefits-in-kind	Pension benefits <sup>c</sup> (to the nearest £1,000)	Total remuneration	Salary (excluding non-consolidated performance pay)	Non-consolidated performance pay	Benefits-in-kind	Pension benefits (to the nearest £1,000)	Total remuneration
Sir Nicholas Serota, Director	£000 175-180	£000 22	£000 Nil	£000 -	£000 195-200	£000 170-175	£000 20	£000 Nil	£000 -	£000 190-195
Kerstin Mogull, Managing Director	150-155	25	Nil	38	215-220	150-155	25	Nil	59	235-240
Chris Dercon, Director, Tate Modern	-	-	Nil	-	-	125-130	-	Nil	49	175-180
Caroline Collier, Director, Partnerships and Programmes	95-100	-	Nil	24	120-125	95-100	-	Nil	29	125-130
Penelope Curtis, Director, Tate Britain	-	-	Nil	-	-	30-35	-	Nil	12	40-45
Alex Farquharson, Director, Tate Britain	90-95	-	Nil	22	110-115	30-35	-	Nil	12	40-45
Frances Morris, Director, Tate Modern	110-115	-	Nil	28	140-145	-	-	Nil	-	-
Band of highest-paid director's remuneration		195,000-200,000				190,000-195,000				
Median remuneration		26,520				25,600				
Ratio		7.5				7.6				

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in Tate in the financial year 2016-17 was £195,000-200,000 (2015-16 £190,000-195,000). This was 7.5 times (2015-16 7.6) the median remuneration of the workforce, which was £26,520 (2015-16 £25,600). In 2016-17, no employees (2015-16 nil) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions. No compensation for loss of office was paid to board members during the year.

<sup>c</sup>The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

	Accrued pension at end date at 31 March 2017 £	Real increase / (decrease) in pension at end date £	CETV at 31 March 2017 £	CETV at 31 March 2016 or start date £	Real increase/ (decrease) in CETV £
<b>Kerstin Mogull, Managing Director</b>					
Pension	11,328	3,532	151,000	102,000	33,000
Lump sum					
<b>Caroline Collier, Director, Partnerships and Programmes</b>					
Pension	18,959	1,731	367,000	337,000	26,000
Lump sum					
<b>Alex Farquharson, Director, Tate Britain</b>					
Pension	2,870	2,129	29,000	7,000	15,000
Lump sum					
<b>Frances Morris, Director, Tate Modern</b>					
Pension	42,400	11,871	951,000	660,000	258,000
Lump sum	127,201	35,613			

Sir Nicholas Serota, Kerstin Mogull, Caroline Collier, Alex Farquharson and Frances Morris are all members of the Civil Service defined benefit pensions scheme. Kerstin Mogull contributed 8.05% and Caroline Collier, Alex Farquharson and Frances Morris contributed 7.35% of their annual salary, subject to the relevant capped limit, to their pensions. Sir Nicholas Serota chose not to be covered by the Civil Service pension arrangements during the reporting year.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The Board of Trustees of the Tate Gallery, who hold overall responsibility for Tate, are not remunerated. Expenses paid are disclosed in note 8 to the accounts.



## Off-Payroll Engagements

In accordance with Treasury guidance per the Financial Reporting Manual (FRM) paragraph 5.3.27 all entities are required to present information on high paid and/or senior off-payroll engagements.

**Table 1: Off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months**

Number of existing engagements as of 31 March 2017	2
<i>Of which</i>	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	none
Number that have existed for between three and four years at time of reporting	none
Number that have existed for four or more years at time of reporting	none
<i>Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.</i>	Yes

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months**

Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	1
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	1
Number for whom assurance has been requested	1
<i>Of which</i>	
Number for whom assurance has been received	1
Number for whom assurance has not been received	none
Number that have been terminated as a result of assurance not being received	none
<i>In any cases where, exceptionally, the department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations – or where assurance has been requested and not received, without a contract termination – the department should set out the reasons for this.</i>	N/A

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017**

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	none
Number of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on payroll engagements	none
<i>In any cases where individuals are included within the first row of this table the department should set out:</i>	N/A

- *details of the exceptional circumstances that led to each of these engagements.*
- *details of the length of time each of these exceptional engagements lasted.*

Signed

*Maria Balshaw*  
Director, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017

# Statement of Trustees' and Director's responsibilities

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of account in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Tate and of its net incoming resources and net movement in funds and cash flows for the financial year.

In preparing the Tate accounts the Board of Trustees is required to:

- observe the accounts directions issued by the Secretary of State\*, 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 as set out in the Government Financial Reporting Manual 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 Tate will continue its operation.

The Accounting Officer for the DCMS has designated the Director as the Accounting Officer for Tate. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records and for safeguarding Tate's assets, are set out in Managing Public Money.

The Accounting Officer and Trustees 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 charitable NDPB's auditors are aware of that information. "Relevant audit information" means information needed by the entity's auditor in connection with preparing the audit report.

Signed

*Maria Balshaw*  
Director and Accounting Officer, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017

# Governance statement

## 1. Introduction

Tate is an executive non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS) and an exempt charity defined by Schedule 3 to the Charities Act 2011. It is exempt from registration with and oversight by the Charity Commission and is regulated by DCMS in accordance with a management agreement agreed by the Secretary of State for Culture, Media and Sport for charity law purposes. Tate's management agreement sets out the broad governance framework within which Tate operates.

## 2. The governance framework

Tate is governed by a Board of Trustees in accordance with the Museums and Galleries Act 1992. The role of the Board of Trustees is to determine policy and set strategic direction, ensuring that Tate fulfils its statutory mission and objectives as set out in the Museums and Galleries Act 1992.

The Board is advised by a number of formal sub-committees, some of which have delegated authority, as set out below.

The Board delegates the day-to-day management and administration of Tate to the Director who is responsible to the Board for the general exercise of its functions and as Tate's Accounting Officer, she is responsible to the Board of Trustees, DCMS and Parliament for safeguarding the public funds for which she has charge.

The governance framework comprises the systems and processes, culture and values by which Tate is directed and controlled. It enables Tate to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective activities. It also ensures accountability. No governance processes have been either fully, or temporarily, suspended during the year. Work was continued in 2016-17 to complete the merger of the Tate Members charity with Tate.

Tate follows governance best practice for public service and charitable bodies and, in so far as it applies, the Board has assessed itself to have been fully compliant with the relevant principles set out in the *Corporate governance in central government departments: Code of good practice 2011* for the 2016-17 period.

## 3. The Board of Trustees

In 2008, the membership of the Board was amended by Statutory Instrument to be composed of fourteen Trustees, rather than the twelve set in the Museums and Galleries Act. Thirteen of these are appointed by the Prime Minister, following a transparent public appointment process which follows the Government's Governance Code. The remaining Trustee is a member of the Board of Trustees of the National Gallery and as such is appointed by them. Correspondingly, one of Tate's Trustees, currently Lisa Milroy, sits on the National Gallery Board. The Museums and Galleries Act 1992 specifies that three of Tate's Trustees must be practicing artists.

Trustees are usually appointed for four years and may be reappointed for a further term (though it is current convention that artists serve only one term). Trustees elect a Chairman from among their number.

During 2016-17, Elisabeth Murdoch and Tom Bloxham retired from the Board and Moya Greene, Jayne-Anne Gadhia and James Timpson were appointed as Trustees. Dexter Dalwood replaced Hannah Rothschild in January 2017 as the liaison Trustee appointed by the Board of Trustees of the National Gallery. At the end of the financial year, the process for recruiting an International Business Trustee was underway.

Trustees who served during the year and their attendance at meetings\* are shown in the table below:

- The Lord Browne of Madingley (Chairman) – 6 of 6 meetings
- John Akomfrah – 2 of 6 meetings
- Lionel Barber – 5 of 6 meetings
- Tom Bloxham – 4 of 5 meetings
- Dexter Dalwood – 1 of 1 meetings
- Tim Davie – 6 of 6 meetings
- Jayne-Anne Gadhia – 3 of 3 meetings
- Mala Gaonkar – 2 of 6 meetings

- Moya Greene – 2 of 3 meetings
- Maja Hoffmann – 3 of 6 meetings
- Lisa Milroy – 4 of 6 meetings
- Elisabeth Murdoch – 1 of 2 meetings
- Seona Reid – 6 of 6 meetings
- Hannah Rothschild – 5 of 5 meetings
- James Timpson – 1 of 1 meetings
- Gareth Thomas – 5 of 6 meetings
- Stephen Witherford – 6 of 6 meetings

\* (of the total meetings Trustees were eligible to attend)

The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies; this includes the declaration of individual Trustees' interests. A Register of Trustees' Interests is kept to identify any potential, perceived or actual conflicts of interest. The Register is reviewed annually by the Audit Committee and the Board of Trustees and is publicly available on Tate's website.

On appointment, Trustees are provided with a Trustee Handbook which acts as a governance code and details the general role and responsibilities of Trusteeship and key information which Trustees require to perform their roles. All new Trustees attend an induction which covers roles and responsibilities of the Board, processes for managing conflicts of interest and information about Tate. Appropriate training is also offered to Trustees depending on need and experience.

Trustees' specific role specifications are developed in accordance with the Board skills matrix, which has been developed by Tate to match its business and strategic aims. It is regularly reviewed by the Governance and People Committee and as part of the annual Board Effectiveness review process. These individual skills are based on Tate's responsibilities and aims and are grouped into four broad categories: art, business, public realm and regional.

The establishment, constitution, functions and property of the Board of Trustees is defined in the Museums and Galleries Act 1992. The Board oversees the management of the gallery, with the Trustees acting as guardians of the public interest. It determines policy and sets the strategic direction for Tate, leaving operational matters to the Director. The Board decides on major acquisitions and resource allocations. It represents Tate externally, monitors the organisation's performance against its agreed objectives and targets and ensures the stewardship of public funds.

A number of specific issues are reserved for decision by the Board of Trustees:

- approval of the forward plan, including strategic priorities and budgets;
- approval of the statutory accounts and Annual Report;
- acquisition and disposal of land and buildings and approval of capital expenditure contracts over £2 million;
- formation and dissolution of subsidiary companies and sub-committees of the Board;
- appointments to the Board's sub-committees and of subsidiary directors;
- variation of admission charge policies;
- use of designated Trust Funds;
- authorisation of signatories on behalf of the Board;
- approval of policies relating to reserved areas: health and safety; environment; equality and diversity; investment; ethics; data protection and IS security; safeguarding; and policies relating to Trustee benefit;
- approval of acquisition, disposal, loan and due diligence policies for the Collection and of major Collection purchases;
- appointment of the Director, with the approval of the Prime Minister and creation/deletion of posts at divisional director level and above;
- approval of Tate's Management Agreement with DCMS;
- approval of programme commitments with reference to sponsorships and donations.

#### 4. Board business 2016-17

During 2016-17, the Board considered key strategic issues and routine business planning, including:

- Tate's Strategic Objectives and Corporate Plan;
- the appointment of a Director;
- the plans for Tate Catering and Tate Enterprises;
- digital development;
- Artistic Programme frameworks: the frameworks within which exhibitions and displays are set for each site; the vision and strategy for Tate Modern and Tate Liverpool;
- Tate's Collection Exhibitions Strategy;
- the Management Agreement with DCMS for the period 2016-2020;
- Tate for All: Tate's Diversity and Inclusion Strategy;
- Tate's Audience Strategy;
- Tate's role in public debate;
- the frameworks for Tate's national and international activity;
- capital projects: the Board received regular progress updates and took key decisions on Tate's capital development projects at Tate Modern and Tate St Ives;
- business and finance: the Board regularly discussed current and forward budgets, management information and development of the forward business plan;
- policies: the Board approved Tate new and updated policies within the Board's Policy Framework including the Data Protection Policy, the Whistleblowing Policy, the Acquisition and Disposal Policy, the Investment Policy, the Health and Safety Policy and the policy and procedures for ensuring compliance with the Modern Slavery Act 2015.

Minutes of Board meetings, with relevant exemptions applied under the Freedom of Information Act 2000 are regularly published on Tate's website as part of the Publication Scheme.

#### 5. Board sub-committees

The Museums and Galleries Act 1992 allows the Board to establish sub-committees and councils to undertake its activities more efficiently. The Board is advised by a number of formal sub-committees, as set out below:

- committees with delegated authority from the Board: Audit Committee, Collection Committee, Freedom of Information Appeals Committee; Remuneration Committee; Investment Committee;
- advisory committees with no formal decision making authority: Finance and Operations Committee, Governance and People Committee, Ethics Committee;
- advisory councils: Tate Britain, Tate Modern, Tate Liverpool, Tate St Ives, Tate Members;
- project boards: Tate Modern Project Board (until 16 May 2016).

Comprising both Trustees and non-Trustees and chaired by a Trustee, councils and committees report to the Board following their meetings through their Trustee Chair. Committees provide detailed expertise and help to advise the Board on specific areas of Tate's operations. The four site councils are advisory to the directors of the relevant site. Tate Members Council is advisory to the Executive. It is chaired by an independent Chair who meets with the Director twice annually and is attended by a Trustee member who reports to the Board following each meeting. For reasons of appropriate expertise, the Tate Modern Project Board consisted of co-opted independent members only and reported directly to the Board of Trustees through an independent Chair.

Collection Committee has authority to approve Collection purchases up to £250,000 on behalf of the Board of Trustees, to oversee the Director's purchase authority within this limit and to approve gifts to and loans from the Collection within the policy agreed by the Board of Trustees. Collection Committee meets four times each year. Attendance\* for 2016-17 was as follows:

- Hannah Rothschild (Trustee, Chair until July 2016) – 1 of 1 meetings
- Lisa Milroy (Trustee, Chair from August 2016) – 3 of 4 meetings
- John Akomfrah (Trustee) – 3 of 4 meetings

- Briony Fer (co-opted member) – 2 or 4 meetings
- Maja Hoffmann (Trustee) – 0 of 4 meetings
- Emmanuel Roman (co-opted member) – 0 of 4 meetings (retired March 2017)
- David Taylor (co-opted member) – 3 of 4 meetings

\* (of the total meetings members were eligible to attend)

Audit Committee has authority on behalf of the Board of Trustees to carry out the appointment of external auditors to Tate's subsidiaries and to appoint other relevant consultants. The Committee considers Tate's internal control structure, internal and external audit risk, compliance with the regulatory environment, relevant codes of conduct and the statutory accounts. Audit Committee meets four times each year. Attendance\* for 2016-17 was as follows:

- Mala Gaonkar (Trustee, Chair) – 3 of 4 meetings
- Lionel Barber (Trustee) – 2 of 4 meetings
- Raif Jacobs (co-opted member) – 4 of 4 meetings
- Laurie Fitch (co-opted member) – 4 of 4 meetings
- Luke Mayhew (co-opted member) – 3 of 3 meetings (retired December 2016)
- Charles Roxburgh (co-opted member) – 3 of 4 meetings
- Stephen Witherford (co-opted member) – 2 of 2 meetings (appointed September 2016)

\* (of the total meetings members were eligible to attend)

The Remuneration Committee is constituted as a sub-committee of Governance and People Committee comprising its Trustee members and the Chair of the Finance and Operations Committee. The Remuneration Committee met in September 2016 to consider the performance and remuneration of the Director and senior management team as detailed in the remuneration report.

In 2016-17, the Freedom of Information Appeals Committee considered business on paper only. Its members, Gareth Thomas (Chair, retired in March 2017), Seona Reid (Chair, from March 2017) and Paul Jenkins (joined March 2017) participated in discussion of all of the items considered.

## 6. Highlights of Board committee reports 2016-17

During 2016-17, Audit Committee, Finance and Operations Committee, Collections Committee, Governance and People Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

The Audit Committee covered items of business including the risk register, business continuity planning, Trustee and senior staff registers of interest, insurance, internal audits including procurement, financial reserves and controls, compliance with the DCMS management agreement, Tate's Whistleblowing policy and information systems and data security, as well as scrutiny of the statutory accounts.

The Finance and Operations Committee advised the Board on the budget framework and cost reductions, investments, acquisitions, information systems, estates, capital projects, human resources, change programmes, management information, government spending controls and international partnerships.

The Governance and People Committee provided advice on Board skills and succession planning, Trustee reappointments, appointments to Board sub-committees and sub-committee terms of reference.

In addition to approving Collection purchases up to £250,000 under the terms of its delegated authority from the Board of Trustees, the Collection Committee discussed Collection development and strategies more broadly and handled copyright and legal issues resulting from acquisitions.

The Ethics Committee scrutinised and advised the Board on current and prospective corporate sponsorships and support from individuals, international partnerships and other areas of potential reputational risk. The Committee also considered the implications of the Modern Slavery Act 2015 for Tate and examined specific areas of operation, including Due Diligence and the Conflict of Interest Policy.

## 7. Executive and Directors Group

The Board has delegated responsibility for implementation of its strategy and operational matters to the Director, who has responsibility under the Board for the overall organisation, management and staffing of Tate. The Director of Tate is appointed by the Board of Trustees with the approval of the Prime Minister. In January 2017, it was announced that, following an open process overseen by Trustees and with the participation of DCMS, Maria Balshaw would succeed Sir Nicholas Serota as Director of Tate.

Executive Group, consisting of Tate's senior Directors, considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for Tate. Directors Group, chaired by Tate's Director, serves as a forum for consultation and discussion on important strategic, policy and operational issues and a decision-making body on Tate-wide policy issues without resource implications. Appropriate management structures have been created throughout the organisation to assist directors with overseeing their respective departments and areas of responsibility.

The directors serving in the period 2016-17 were:

Sir Nicholas Serota: Director, Tate\*

Anna Abbott: Director of Audiences (from 13 March 2017)

Helen Beeckmans: Director of Communications (from 1 October 2016)

Polly Bidgood: Director of Development (from 1 September 2016)

Achim Borchardt-Hume: Director of Exhibitions, Tate Modern

Caroline Collier: Director, Partnerships and Programmes\*

Anna Cutler: Director of Learning

Gerry Dawson: Director, Information Systems

Alex Farquharson: Director, Tate Britain\*

Ann Gallagher: Director of Collections, British Art

Rosemary Lynch: Director of Collection Care

Francesco Manacorda: Artistic Director, Tate Liverpool

Kerstin Mogull: Managing Director\*

Frances Morris: Director, Tate Modern\*

Gregor Muir: Director of Collections, International Art (from 1 January 2017)

Judith Nesbitt: Director of National and International Programmes

Andrea Nixon: Executive Director, Tate Liverpool

Mark Osterfield: Executive Director, Tate St Ives

Cheryl Richardson: Director, Human Resources

Stephen Wingfield: Director of Finance and Estates\*

\* indicates members of the Executive Group.

Since 31 March 2017 the following Directors have left the organisation:

Sir Nicholas Serota: Director, Tate\* (to 31 May 2017)

Gerry Dawson: Director, Information Systems (to 21 April 2017)

Directors who have joined are:

Maria Balshaw: Director, Tate\* (from 1 June 2017)

Anne Barlow: Artistic Director, Tate St Ives (from 3 April 2017)

## 8. Board effectiveness

The Board of Trustees conducted its annual effectiveness review in March 2017. Trustees were asked to rate the Board's effectiveness in relation to the following areas: contribution and culture; process and structure; composition and leadership; and oversight and performance. Assisted by the Governance and Policy team, this exercise provided the opportunity for Trustees to consider and appraise their performance as a Board. The Board overall rated effectiveness highly. Trustees noted that the level of information received is appropriate and of high quality and suggested mechanisms for further strengthening performance reporting. They identified a number of areas of future priority, including strengthening the digital voice at Board level, maintaining momentum following the opening of Tate Modern and ensuring future sustainability of Tate's operating model. Trustees discussed the need to ensure smooth transitions at non-Executive and Executive levels and identified international fundraising and strategic planning as the two main areas of focus over this period.



## 9. Risk management and internal control

The Board of Trustees ensures that effective arrangements are in place to provide assurance on risk management and internal control. The Director as Tate's Accounting Officer is responsible for managing risk and reviewing the effectiveness of the system of internal control. The review is informed by the work of the internal auditors and the executive managers within Tate who have responsibility for the development and maintenance of the governance framework. The Audit Committee supports the Board and Accounting Officer by providing oversight and guidance on risk management, governance and internal control. Comments made by the external auditors in their management letter and other reports are also taken into account and a plan to ensure continuous improvement of the system is in place.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it 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 Tate 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.

Risk management and significant risks are discussed in detail in the foreword.

## 10. Significant incidents arising relevant to internal control

There were no significant incidents during the year.

## 11. Matters of interest

### **Tate Members**

The Tate Members operation was transferred from the Tate Members charity on 1 April 2016. The operation has been fully integrated into Tate's governance, risk management and internal controls processes.

### **Spoliation Advisory Panel**

Following the recommendation of the Spoliation Advisory Panel as mentioned in the statutory accounts of 2015-16, ownership of John Constable's *Beaching a Boat, Brighton 1824* was transferred to the claimants in June 2016.

### **Data Protection**

There was one incident relating to data protection; the Information Commissioner was informed of this and was satisfied with Tate's response.

### **Accounting Officer**

The Accounting Officer, Maria Balshaw, assumed her role on 1 June 2017. Since her appointment, Maria Balshaw has completed a comprehensive induction programme including meetings with Executive Group members, Trustees, the Audit Committee, DCMS and the National Audit Office. Assurance over Tate's governance, risk management and internal controls processes over the course of the year ended 31 March 2017 has been gained through these meetings and, in signing off the 2016-17 accounts and the governance statement, she has relied on the assurances of her predecessor in respect of matters arising before she was appointed as Director.

Signed

*Maria Balshaw*  
Director and Accounting Officer, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017

# 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 Board of Trustees of the Tate Gallery for the year ended 31 March 2017 under the Museums and Galleries Act 1992. The financial statements comprise: the consolidated statement of financial activities, the consolidated balance sheet, the Tate balance sheet, the consolidated statement of cash flows 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 Trustees/Board, Accounting Officer and auditor

As explained more fully in the statement of Trustees' and Director's responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Board of Trustees of the Tate Gallery and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Trustees of the Tate Gallery; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Tate Gallery's affairs as at 31 March 2017 and of its net income/(expenditure) for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

*Sir Amyas C E Morse*  
Comptroller and Auditor General

10 July 2017

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



# Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2017

	Notes	Income and expenditure			Capital			Collections			Total			2016-17 Total funds £000	2015-16 Total funds £000
		2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17		
		Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000		
<b>Income and endowments from:</b>															
<i>Donations and legacies</i>	3														
– Grant in Aid		35,851	–	35,851	4,400	–	4,400	–	–	–	40,251	–	–	40,251	32,691
– Donated works of art		–	–	–	–	–	–	–	20,995	20,995	–	20,995	–	20,995	4,867
– Other donations and legacies		18,328	7,060	25,388	1,600	18,163	19,763	–	5,331	5,331	19,928	30,554	–	50,482	77,395
<i>Charitable activities</i>	4	11,350	–	11,350	–	4	4	54	–	54	11,404	4	–	11,408	8,473
<i>Other trading activities</i>	5														
– Trading income		31,956	–	31,956	200	–	200	1,148	–	1,148	33,304	–	–	33,304	24,440
– Other trading activities		5,354	–	5,354	–	–	–	–	5	5	5,354	5	–	5,359	6,877
<i>Investments</i>	6	28	8	36	–	–	–	–	363	363	28	371	–	399	386
<i>Other</i>		97	–	97	–	–	–	–	–	–	97	–	–	97	954
<b>Total</b>		<b>102,964</b>	<b>7,068</b>	<b>110,032</b>	<b>6,200</b>	<b>18,167</b>	<b>24,367</b>	<b>1,202</b>	<b>26,694</b>	<b>27,896</b>	<b>110,366</b>	<b>51,929</b>	<b>–</b>	<b>162,295</b>	<b>156,083</b>
<b>Expenditure on:</b>	7														
<i>Raising funds</i>															
Costs of raising donations and legacies		3,186	31	3,217	79	6	85	–	–	–	3,265	37	–	3,302	2,777
Fundraising trading: cost of goods sold and other costs															
– Trading costs		30,576	–	30,576	219	–	219	–	–	–	30,795	–	–	30,795	23,415
– Other costs of raising funds		6,253	569	6,822	55	4	59	–	–	–	6,308	573	–	6,881	4,826
Investment management costs		20	1	21	–	–	–	–	55	55	20	56	–	76	72
<i>Charitable activities</i>		56,736	6,480	63,216	7,100	29,099	36,199	–	–	–	63,836	35,579	–	99,415	77,164
<i>Other</i>		102	–	102	–	–	–	–	–	–	102	–	–	102	959
<b>Total</b>		<b>96,873</b>	<b>7,081</b>	<b>103,954</b>	<b>7,453</b>	<b>29,109</b>	<b>36,562</b>	<b>–</b>	<b>55</b>	<b>55</b>	<b>104,326</b>	<b>36,245</b>	<b>–</b>	<b>140,571</b>	<b>109,213</b>
Net gains/(losses) on investments	16	–	3	3	–	–	–	–	60	60	–	63	1,672	1,735	(391)
<b>Net income/(expenditure)</b>		<b>6,091</b>	<b>(10)</b>	<b>6,081</b>	<b>(1,253)</b>	<b>(10,942)</b>	<b>(12,195)</b>	<b>1,202</b>	<b>26,699</b>	<b>27,901</b>	<b>6,040</b>	<b>15,747</b>	<b>1,672</b>	<b>23,459</b>	<b>46,479</b>
Transfers between funds	16	–	–	–	–	–	–	–	220	220	–	220	(220)	–	–
<b>Other recognised gains/(losses):</b>															
Gain on revaluation of fixed assets	16	–	–	–	46	153,234	153,280	–	–	–	46	153,234	–	153,280	18,090
<b>Net movement in funds</b>		<b>6,091</b>	<b>(10)</b>	<b>6,081</b>	<b>(1,207)</b>	<b>142,292</b>	<b>141,085</b>	<b>1,202</b>	<b>26,919</b>	<b>28,121</b>	<b>6,086</b>	<b>169,201</b>	<b>1,452</b>	<b>176,739</b>	<b>64,569</b>
<b>Reconciliation of funds:</b>															
Funds brought forward at 1 April 2016	16	9,499	48	9,547	34,349	973,151	1,007,500	18,652	398,960	417,612	62,500	1,372,159	10,981	1,445,640	1,381,071
<b>Funds carried forward at 31 March 2017</b>		<b>15,590</b>	<b>38</b>	<b>15,628</b>	<b>33,142</b>	<b>1,115,443</b>	<b>1,148,585</b>	<b>19,854</b>	<b>425,879</b>	<b>445,733</b>	<b>68,586</b>	<b>1,541,360</b>	<b>12,433</b>	<b>1,622,379</b>	<b>1,445,640</b>
<b>Reconciliation of funds:</b>															
Funds brought forward at 1 April 2015		11,469	46	11,515	35,497	917,844	953,341	18,363	386,484	404,847	65,329	1,304,374	11,368	1,381,071	1,225,620
Net movement in funds		(1,970)	2	(1,968)	(1,148)	55,307	54,159	289	12,476	12,765	(2,829)	67,785	(387)	64,569	155,451
<b>Funds carried forward at 31 March 2016</b>		<b>9,499</b>	<b>48</b>	<b>9,547</b>	<b>34,349</b>	<b>973,151</b>	<b>1,007,500</b>	<b>18,652</b>	<b>398,960</b>	<b>417,612</b>	<b>62,500</b>	<b>1,372,159</b>	<b>10,981</b>	<b>1,445,640</b>	<b>1,381,071</b>

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

To provide better understanding of the accounts, Tate provides enhanced statement of financial activities disclosure beyond the requirements of the SORP.

# Consolidated and Tate Balance Sheets at 31 March 2017

		Group		Tate	
	Notes	2017 £000	2016 £000	2017 £000	2016 £000
<b>Fixed assets</b>					
Tangible assets	9	<b>1,148,963</b>	1,006,043	<b>1,148,237</b>	1,005,298
Heritage assets	10	<b>444,624</b>	417,186	<b>444,624</b>	417,186
Investments	6	<b>12,983</b>	11,420	<b>15,478</b>	13,915
		<b>1,606,570</b>	1,434,649	<b>1,608,339</b>	1,436,399
<b>Current assets</b>					
Stocks	11	<b>4,556</b>	3,351	–	–
Debtors and prepayments	12	<b>9,365</b>	14,122	<b>12,229</b>	14,569
Cash and liquid resources	13	<b>21,299</b>	18,050	<b>16,494</b>	15,866
		<b>35,220</b>	35,523	<b>28,723</b>	30,435
<b>Creditors: amounts falling due within one year</b>	14	<b>(18,817)</b>	(23,938)	<b>(14,571)</b>	(21,090)
<b>Net current assets</b>		<b>16,403</b>	11,585	<b>14,152</b>	9,345
<b>Total assets less current liabilities</b>		<b>1,622,973</b>	1,446,234	<b>1,622,491</b>	1,445,744
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(594)</b>	(594)	<b>(594)</b>	(555)
<b>Total assets less liabilities</b>		<b>1,622,379</b>	1,445,640	<b>1,621,897</b>	1,445,189
Represented by:					
Restricted income reserves	16	<b>1,541,360</b>	1,372,159	<b>1,541,354</b>	1,372,150
Unrestricted reserves					
Designated	16	<b>52,996</b>	53,001	<b>52,270</b>	52,256
General	16	<b>15,590</b>	9,499	<b>15,840</b>	9,802
<b>Total funds</b>		<b>1,609,946</b>	1,434,659	<b>1,609,464</b>	1,434,208
Endowments	16	<b>12,433</b>	10,981	<b>12,433</b>	10,981
<b>Total funds</b>		<b>1,622,379</b>	1,445,640	<b>1,621,897</b>	1,445,189

The financial statements on pages 42 to 70 were approved by the Trustees on:

Signed

*Maria Balshaw*  
Director, Tate

5 July 2017

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2017

# Consolidated Statement of Cash Flows for the year ended 31 March 2017

	Notes	2017 £000	2016 £000
<b>Cash flows from operating activities:</b>			
<b><i>Net cash provided by operating activities</i></b>	18(i)	<b>31,895</b>	65,662
<b>Cash flows from investing activities:</b>			
Dividends and interest		399	386
Proceeds from the sale of property, plant and equipment		–	16
Purchase of property, plant and equipment		(29,217)	(71,777)
Proceeds from sale of investments		2,105	1,280
Purchase of investments		(1,933)	(1,340)
<b><i>Net cash used in investing activities</i></b>		<b>(28,646)</b>	(71,435)
<b><i>Change in cash and cash equivalents in the reporting period</i></b>		<b>3,249</b>	(5,773)
<b><i>Cash and cash equivalents at the beginning of the reporting period</i></b>		<b>18,050</b>	23,823
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>		<b>21,299</b>	18,050

# Notes to the Accounts

## 1. Accounting policies

### Basis of accounting

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the inclusion of investments at market value. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (the SORP) FRS102 (updated for reporting from 2016), applicable accounting standards under UK GAAP and the Government Financial Reporting Manual (the FReM).

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Media and Sport, with the approval of Treasury. The particular policies adopted by Tate are described below; they have been applied consistently in dealing with items that are considered material in the accounts.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved Tate following Accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 in preparing its accounts, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Tate is a public benefit entity.

### Basis of consolidation

The Tate financial statements consolidate the results of Tate and its wholly-owned subsidiaries Tate Enterprises Limited (company number 3173975), Tate Gallery Publishing Limited (company number 3179938) and Tate Gallery Projects Limited (company number 3166910). A separate statement of financial activities or income and expenditure account for Tate is not presented due to a direction from the Secretary of State (DCMS).

### Going concern basis

The accounts have been prepared on the going concern basis. The anticipated income from government grant and self-generated income will be sufficient to meet Tate's ongoing expenses. There are no material uncertainties which may create significant doubt over Tate's ability to continue as a going concern.

### Key judgements and estimates

For Tate, provisions are made against debts older than six months, except for debts with related charities. For Tate Enterprises, provisions are made against debts where debtors enter into insolvency proceedings or where debts are older than one year and all efforts to recover them have been exhausted. Stock is reviewed at least biannually and is written off when no alternative selling options exist.

### Income and endowments

Income and endowments are shown net of Value Added Tax. In general, income is accounted for on a receivable basis. The following accounting policies are applied to income:

#### *Donations and legacies:*

Grant in Aid from DCMS is recognised on receipt. Donated works of art are recognised as income based on the value at the date of acceptance. Donations of works of art are normally valued by Tate curators who are experts in their fields, with external validation when required. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met. Receipt of a legacy will be recognised when there has been grant of probate; the executors have established that there are sufficient assets in the estate; that any conditions attached to the legacy are within the control of Tate or have been met; and it is possible to estimate with sufficient accuracy the amount receivable. Where a payment is received from an estate or is notified as receivable by the executors after the reporting date and before the accounts are authorised for issue, but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, then it is treated as an adjusting event and accrued as income if receipt is probable.

#### *Other trading activities:*

Sponsorship income is recognised as income when the conditions for its receipt have been met and when the sponsored activity has taken place.



*Investments:*

Dividend and interest income is recognised on a receivable basis.

*Charitable activities:*

Admissions and other charitable income is recognised on a receivable basis on the date of the event.

*Deferred income:*

Income relating to the future provision of services is deferred until the services are provided and entitlement to the income is earned.

**Expenditure**

All expenditure is accounted for on an accruals basis and is classified on the following bases:

*Costs of raising donations and legacies:*

Comprises the costs associated with raising donations and legacies, trading income and income raised from other activities.

*Charitable activities:*

Comprises the costs associated with the performance of: gallery activities (all those costs associated with the public programmes of the four Tate galleries and of the media programmes and website, including exhibitions, education and communications and marketing expenditure); gallery operations (visitor services and operations costs); the costs of maintaining the Collection (including conservation, art handling, photography and acquisitions-related expenditure); the Tate Modern lease costs.

*Support costs:*

Comprises the costs of governance costs (including relevant legal and finance staff, as well as audit fees), finance, human resources, information technology, estates and facilities and general administration and support. These costs are allocated to the various categories of expenditure based on the most appropriate method for each support department, as described in note 8.

**The Collection**

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. Such items are not depreciated or revalued as a matter of routine as the assets are deemed to have indeterminable lives. Expenditure to conserve the works is included under charitable activities in the statement of financial activities. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff. 14.1% of the Collection (10,396 works, excluding library and archive items) is recognised at a value on the balance sheet. For the remaining 85.9%, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements.

**Fixed assets**

The threshold for capitalisation of tangible fixed assets is as follows:

Tate	£10,000
Tate Enterprises Limited	£500

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2017 by Deloitte, independent property consultants. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. The cost of land and buildings includes interest and fees paid as a result of financing arrangements for assets in the course of construction.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life (a full year's depreciation is charged in the year of acquisition). Following the formal revaluation in March 2009, the useful economic lives of the tangible fixed assets were revised to the following:

Land	– not depreciated
Buildings and leasehold improvements	– 50 to 100 years
Plant and fit-out	– 5 to 15 years
Fixtures, fittings and equipment	– 2 to 10 years

### **Investments**

Investments are stated at market value rather than at historical cost. Any unrealised gains or losses arising from this policy are disclosed in the statement of financial activities.

### **Stock**

Stock is stated at the lower of cost or net realisable value.

### **Cash and liquid resources**

Funds placed on money market deposit for more than one day are defined as liquid resources. Funds held in cash or in current or call accounts are defined as cash.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end. Transactions in foreign currencies are translated at the rate ruling at the time of transaction. All exchange differences go to the statement of financial activities.

### **Finance and operating leases**

Costs in relation to operating leases are charged to the statement of financial activities over the life of the lease.

The leasing agreement for Tate Modern (see note 20) transfers to the Trustees substantially all the benefits and risks of ownership of the asset and the asset is treated as though it has been purchased outright. The capital value of the leasing commitment is shown as obligations under finance leases. The asset is valued to reflect the values and lives of its individual components: land, buildings and plant.

### **Pensions**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which Tate is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)). For more information, please see note 8. Pensions are accounted for as a defined benefit scheme for members of the PCSPS. Since October 2002 a partnership pension account has also been available which is a defined contribution stakeholder pension scheme with a choice of providers.

### **Fund accounting**

Tate maintains general, designated, restricted and endowment funds as set out in note 16.

### **Taxation**

Tate is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of Tate Enterprises Limited are distributed to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2017.

### **Financial instruments**

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 14. Trade debtors are included at carrying values and all debts over six months old are provided for as doubtful debts. Investments are held at market value, as they are classified as being held at fair value through profit and loss since the funds are actively managed.

### **Joint arrangements**

Where Tate enters into joint arrangements with other organisations to acquire works of art, the value of those works is recognised in the accounts as an acquisition. Tate recognises only its share of the value of the asset in line with the specific arrangement.

**Transfer of Tate Members**

From 1 April 2016, the activities of Tate Members were transferred to Tate. The assets and liabilities at the date of transfer were assessed on a fair value basis for the purposes of consolidation into the results for the Tate group. The excess of assets over liabilities is recognised in the statement of financial activities as income from donations.

**2. Consolidated Statement of Financial Activities (incorporating an income and expenditure account)**

For the year ended 31 March 2016

	Notes	Income and expenditure			Capital		
		2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	£000	£000	£000	£000	£000	£000	
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>	3						
– Grant in Aid		28,651	–	28,651	2,440	1,600	4,040
– Donated works of art		–	–	–	–	–	–
– Other donations and legacies		8,412	7,155	15,567	–	54,814	54,814
<i>Charitable activities</i>	4	8,443	–	8,443	–	–	–
<i>Other trading activities</i>	5						
– Trading income		23,922	–	23,922	259	–	259
– Other trading activities		6,566	–	6,566	–	–	–
<i>Investments</i>	6	40	7	47	–	–	–
<i>Other</i>		954	–	954	–	–	–
<b>Total</b>		<b>76,988</b>	<b>7,162</b>	<b>84,150</b>	<b>2,699</b>	<b>56,414</b>	<b>59,113</b>
<b>Expenditure on:</b>							
<i>Raising funds</i>	7						
Costs of raising donations and legacies		2,617	90	2,707	65	5	70
Fundraising trading: cost of goods sold and other costs							
– Trading costs		23,164	–	23,164	251	–	251
– Other costs of raising funds		4,028	734	4,762	59	5	64
Investment management costs		19	1	20	–	–	–
<i>Charitable activities</i>		48,171	6,334	54,505	4,272	18,387	22,659
<i>Other</i>		959	–	959	–	–	–
<b>Total</b>		<b>78,958</b>	<b>7,159</b>	<b>86,117</b>	<b>4,647</b>	<b>18,397</b>	<b>23,044</b>
Net (losses)/gains on investments	16	–	(1)	(1)	–	–	–
<b>Net income/(expenditure)</b>		<b>(1,970)</b>	<b>2</b>	<b>(1,968)</b>	<b>(1,948)</b>	<b>38,017</b>	<b>36,069</b>
Transfers between funds	16	–	–	–	–	–	–
<b>Other recognised gains/(losses):</b>							
Gain on revaluation of fixed assets	16	–	–	–	800	17,290	18,090
<b>Net movement of funds</b>		<b>(1,970)</b>	<b>2</b>	<b>(1,968)</b>	<b>(1,148)</b>	<b>55,307</b>	<b>54,159</b>
<b>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2015 (restated)	16	11,469	46	11,515	35,497	917,844	953,341
<b>Funds carried forward at 31 March 2016</b>		<b>9,499</b>	<b>48</b>	<b>9,547</b>	<b>34,349</b>	<b>973,151</b>	<b>1,007,500</b>

<b>Collections</b>			<b>Total</b>				
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	<b>2015-16</b>	2014-15
Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Endowment funds	<b>Total funds</b>	Total funds (restated)
£000	£000	£000	£000	£000	£000	£000	
-	-	-	31,091	1,600	-	<b>32,691</b>	32,149
-	4,867	4,867	-	4,867	-	<b>4,867</b>	74,147
-	7,014	7,014	8,412	68,983	-	<b>77,395</b>	55,022
30	-	30	8,473	-	-	<b>8,473</b>	12,283
259	-	259	24,440	-	-	<b>24,440</b>	30,602
-	311	311	6,566	311	-	<b>6,877</b>	6,400
-	339	339	40	346	-	<b>386</b>	354
-	-	-	954	-	-	<b>954</b>	1,003
<b>289</b>	<b>12,531</b>	<b>12,820</b>	<b>79,976</b>	<b>76,107</b>	-	<b>156,083</b>	<b>211,960</b>
-	-	-	2,682	95	-	<b>2,777</b>	2,714
-	-	-	23,415	-	-	<b>23,415</b>	26,209
-	-	-	4,087	739	-	<b>4,826</b>	4,662
-	52	52	19	53	-	<b>72</b>	71
-	-	-	52,443	24,721	-	<b>77,164</b>	72,221
-	-	-	959	-	-	<b>959</b>	1,010
-	<b>52</b>	<b>52</b>	<b>83,605</b>	<b>25,608</b>	-	<b>109,213</b>	<b>106,887</b>
-	(3)	(3)	-	(4)	(387)	<b>(391)</b>	869
<b>289</b>	<b>12,476</b>	<b>12,765</b>	<b>(3,629)</b>	<b>50,495</b>	<b>(387)</b>	<b>46,479</b>	<b>105,942</b>
-	-	-	-	-	-	-	-
-	-	-	800	17,290	-	<b>18,090</b>	49,509
<b>289</b>	<b>12,476</b>	<b>12,765</b>	<b>(2,829)</b>	<b>67,785</b>	<b>(387)</b>	<b>64,569</b>	<b>155,451</b>
18,363	386,484	404,847	65,329	1,304,374	11,368	<b>1,381,071</b>	1,225,620
<b>18,652</b>	<b>398,960</b>	<b>417,612</b>	<b>62,500</b>	<b>1,372,159</b>	<b>10,981</b>	<b>1,445,640</b>	<b>1,381,071</b>

**3. Donations and legacies**

	<b>2017</b>	2016
	<b>£000</b>	£000
Grant in Aid	<b>40,251</b>	32,691
Donated works of art	<b>20,995</b>	4,867
Lottery and other public funding		
Arts and Humanities Research Council	<b>177</b>	–
Arts Council	<b>2,043</b>	1,872
Big Lottery Fund – Coastal Communities Fund	<b>1,676</b>	2,196
City of Liverpool	<b>41</b>	41
European Regional Development Fund	–	92
Heritage Lottery Fund	<b>2,120</b>	669
Newcastle Upon Tyne City Council	–	1
Southwark Council	–	1,000
Total Lottery and other public funding	<b>6,057</b>	5,871
Donations from connected charities	<b>21,971</b>	63,047
Other donations	<b>22,454</b>	8,477
	<b>111,728</b>	114,953
of which the following is taken to (see page 42)		
Income and expenditure	<b>61,239</b>	44,218
Capital	<b>24,163</b>	58,854
Collections	<b>26,326</b>	11,881

Arts Council funding includes £1,799,230 of a total grant of £4,000,000 (of which £3,800,000 has been drawn to date), which expires on 31 October 2017. The Big Lottery Funding is a Coastal Communities Fund grant (total £3,872,000), which has been drawn down in full. Both grants are funding for the Tate St Ives phase 2 project.

**4. Charitable activities**

	<b>2017</b>	2016
	<b>£000</b>	£000
Admissions	<b>8,205</b>	5,139
Other income from charitable activities	<b>3,203</b>	3,334
	<b>11,408</b>	8,473
of which the following is taken to (see page 42)		
Income and expenditure	<b>11,350</b>	8,443
Capital	<b>4</b>	–
Collections	<b>54</b>	30

**5. Other trading activities**

	<b>2017</b>	2016
	<b>£000</b>	£000
Trading	<b>33,304</b>	24,440
Sponsorship	<b>4,357</b>	4,808
Other activities for raising funds	<b>1,002</b>	2,069
	<b>38,663</b>	31,317
of which the following is taken to (see page 42)		
Income and expenditure	<b>37,310</b>	30,488
Capital	<b>200</b>	259
Collections	<b>1,153</b>	570

Included in sponsorship income is £171,000 of barter advertising (£332,000 in 2015-16), computed at estimated cost value.

**6. Investments**

	<b>2017</b>	2016
	<b>£000</b>	£000
Bank interest	<b>28</b>	40
Income on quoted investments	<b>371</b>	346
	<b>399</b>	386
of which the following is taken to (see page 42)		
Income and expenditure	<b>36</b>	47
Collections	<b>363</b>	339

Unrealised gains and losses are included in the statement of financial activities.

At 31 March 2017, the investment fund was valued at £12,983,000 (£11,420,000 in 2015-16); historic cost £10,279,000 (£10,123,000 in 2015-16).

	2016	Additions	Disposals	Realised and	<b>2017</b>
	Market	in year	in year	unrealised	<b>Market</b>
	value	in year	in year	gains/(losses)	<b>value</b>
	£000	£000	£000	£000	<b>£000</b>
Investment portfolio:					
UK fixed interest	1,759	283	(152)	41	<b>1,931</b>
UK equities	3,187	691	(341)	549	<b>4,086</b>
Non-UK equities	3,892	617	(1,076)	1,069	<b>4,502</b>
Property	1,496	–	(105)	(15)	<b>1,376</b>
Alternatives	815	342	(300)	91	<b>948</b>
Cash	271	–	(131)	–	<b>140</b>
Group investments total	11,420	1,933	(2,105)	1,735	<b>12,983</b>
Subsidiaries' issued share capital (at cost)	2,495	–	–	–	<b>2,495</b>
Tate investments total	13,915	1,933	(2,105)	1,735	<b>15,478</b>

All investments are held in order to provide an investment return.

Investments held at 31 March 2017 which individually represent greater than 5% of the investment portfolio:

Vanguard Funds Plc S&P 500 Ucits Etf Inc GBP

**7. Net income/(expenditure)**

is stated after charging:

	<b>2017</b>	2016
	<b>£000</b>	£000
Auditors' remuneration		
Comptroller and Auditor General	<b>54</b>	57
Subsidiaries – audit, Grant Thornton	<b>35</b>	37
Subsidiaries – taxation & technical advice, Grant Thornton	<b>5</b>	5
Taxation advice	<b>83</b>	50
Operating lease rentals		
Land and buildings	<b>602</b>	589
Vehicles and equipment	<b>187</b>	141
Depreciation	<b>32,506</b>	19,012
Loss on disposal of fixed assets	–	2,273
Impairment of fixed assets	<b>44</b>	–

**8. Total expenditure**

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciation and impairments* £000	<b>2017 Total</b> <b>£000</b>	2016 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	1,538	237	1,442	85	<b>3,302</b>	2,777
Fundraising trading: cost of goods sold and other costs						
– Trading costs	12,590	17,986	–	219	<b>30,795</b>	23,415
– Other costs of raising funds	3,848	1,351	1,623	59	<b>6,881</b>	4,826
Investment management costs	–	56	20	–	<b>76</b>	72
<b>Total costs of raising funds</b>	<b>17,976</b>	<b>19,630</b>	<b>3,085</b>	<b>363</b>	<b>41,054</b>	31,090
<i>Charitable activities</i>						
– Gallery activities	13,482	17,239	17,963	30,933	<b>79,617</b>	58,667
– Gallery operations	3,175	6,144	1,364	654	<b>11,337</b>	6,959
– Collections	5,247	1,422	1,183	600	<b>8,452</b>	11,529
– Lease cost	–	9	–	–	<b>9</b>	9
<b>Total charitable activities</b>	<b>21,904</b>	<b>24,814</b>	<b>20,510</b>	<b>32,187</b>	<b>99,415</b>	77,164
<i>Other</i>	–	–	102	–	<b>102</b>	959
<b>Total</b>	<b>39,880</b>	<b>44,444</b>	<b>23,697</b>	<b>32,550</b>	<b>140,571</b>	109,213

\*Includes any downward impact of asset revaluations, where applicable.

The Chairman and other Trustees received no remuneration; ten Trustees (three in 2015-16) received reimbursement of travel and subsistence expenses amounting to £7,035 in 2016-17 (£5,759 in 2015-16).

## a) Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	<b>2017 Total</b> <b>£000</b>	2016 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	13	99	88	183	1,058	1	<b>1,442</b>	1,088
Fundraising trading: cost of goods sold and other costs								
– Other costs of raising funds	621	70	61	128	742	1	<b>1,623</b>	1,572
Investment management costs	–	20	–	–	–	–	<b>20</b>	19
<b>Total costs of raising funds</b>	<b>634</b>	<b>189</b>	<b>149</b>	<b>311</b>	<b>1,800</b>	<b>2</b>	<b>3,085</b>	2,679
<i>Charitable activities</i>								
– Gallery activities	123	952	757	1,743	14,368	20	<b>17,963</b>	14,367
– Gallery operations	36	286	209	523	304	6	<b>1,364</b>	1,158
– Collections	25	203	300	371	279	5	<b>1,183</b>	2,665
<b>Total charitable activities</b>	<b>184</b>	<b>1,441</b>	<b>1,266</b>	<b>2,637</b>	<b>14,951</b>	<b>31</b>	<b>20,510</b>	18,190
<i>Other</i>	–	102	–	–	–	–	<b>102</b>	423
<b>Total</b>	<b>818</b>	<b>1,732</b>	<b>1,415</b>	<b>2,948</b>	<b>16,751</b>	<b>33</b>	<b>23,697</b>	21,292
Basis of allocation	FTE/ expenditure	expenditure	average FTE	expenditure	depreciation charge	expenditure		

Support costs include an element of staff costs amounting to £5,831,000 (£5,976,000 in 2015-16).



## b) Staff costs

	<b>2017</b>	2016
	<b>£000</b>	£000
Wages and salaries	<b>35,419</b>	32,360
Pension costs	<b>5,200</b>	4,774
Social Security costs	<b>3,268</b>	2,418
Redundancy costs	<b>149</b>	80
Total employee costs	<b>44,036</b>	39,632
Agency staff costs	<b>1,675</b>	1,375
	<b>45,711</b>	41,007

In addition, £998,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2016-17 (£1,367,000 in 2015-16). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 22 in 2016-17 (47 in 2015-16).

The number of Tate employees, including the Director, whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	<b>2017</b>	2016
	<b>No.</b>	No.
£60,000 – £64,999	<b>5</b>	5
£65,000 – £69,999	<b>1</b>	4
£70,000 – £74,999	<b>3</b>	3
£75,000 – £79,999	<b>2</b>	1
£80,000 – £84,999	<b>6</b>	7
£85,000 – £89,999	<b>1</b>	1
£90,000 – £94,999	<b>2</b>	–
£95,000 – £99,999	<b>–</b>	2
£100,000 – £104,999	<b>2</b>	–
£115,000 – £119,999	<b>1</b>	1
£125,000 – £129,999	<b>–</b>	1
£175,000 – £179,999	<b>1</b>	1
£190,000 – £194,999	<b>–</b>	1
£195,000 – £199,999	<b>1</b>	–

Twenty-four of the twenty-five staff earning more than £60,000 are members of a defined benefit pension scheme (twenty-six of the twenty-seven in 2015-16); their total contributions to the scheme amounted to £472,000 during the year (£500,000 in 2015-16).

The average number of full-time equivalent (FTE) staff during the year was 1,309 (1,184 in 2015-16). Included within this total are 16 FTE staff on temporary contracts (13 in 2015-16) and 76 FTE staff on fixed-term contracts (82 in 2015-16).

The breakdown of average FTE staff by occupational group was:

	<b>2017</b>	2016
	<b>No.</b>	No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	<b>47</b>	38
Fundraising trading: cost of goods sold and other costs		
– Trading	<b>529</b>	440
– Other	<b>101</b>	83
<i>Charitable activities</i>	<b>630</b>	601
<i>Other resources expended</i>	<b>2</b>	22
	<b>1,309</b>	1,184

Exit package cost band	Number of compulsory redundancies	Number of other redundancies agreed	<b>Total number of exit packages by cost band 2017</b>	Total number of exit packages by cost band 2016
<£10,000	5	–	<b>5</b>	1
£10,000 – £25,000	2	–	<b>2</b>	–
£25,000 – £50,000	–	–	–	2
£50,000 – £100,000	–	1	<b>1</b>	–
Total number of exit packages	<u>7</u>	<u>1</u>	<b>8</b>	<u>3</u>
Total resource cost/£	<u>53,000</u>	<u>95,000</u>	<b>148,000</b>	<u>80,000</u>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Tate has agreed early retirements, the additional costs are met by Tate and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or *alpha*, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined *alpha*. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (*classic*, *premium* or *classic plus*) with a normal pension age of 60; and one providing benefits on a whole career basis (*nuvos*) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under *classic*, *premium*, *classic plus*, *nuvos* and *alpha* are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into *alpha* sometime between 1 June 2015 and 1 February 2022. All members who switch to *alpha* have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave *alpha*. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of *classic* (and members of *alpha* who were members of *classic* immediately before joining *alpha*) and between 4.6% and 8.05% for members of *premium*, *classic plus*, *nuvos* and all other members of *alpha*. Benefits in *classic* accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For *premium*, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike *classic*, there is no automatic lump sum. *Classic plus* is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per *classic* and benefits for service from October 2002 worked out as in *premium*. In *nuvos* a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in *alpha* build up in a similar way to *nuvos*, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

For 2016-17, employers' contributions of £4,397,000 were payable to the PCSPS (2015-16 £4,062,000) at one of four rates in the range of 20.0% to 24.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £128,000 (2015-16 £123,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £117,000 (£109,000 in 2015-16), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

No people retired early on ill-health grounds (none in 2015-16); the total additional accrued pension liabilities to PCSPS in the year amounted to £nil (£nil in 2015-16).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of *classic*, *premium* and *classic plus*, 65 for members of *nuvos*, and the higher of 65 or State Pension Age for members of *alpha*.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

Tate Enterprises Limited operates a money purchase pension scheme provided by Scottish Widows. The assets of the schemes are held separately from those of the group in an independently administered fund. The amounts charged against profit represent the contributions payable to the schemes in respect of the accounting period. Pension contributions of £558,000 were made in the year (2015-16 £480,000).

**9. Tangible assets**

Group	Assets in							Total tangible assets £000
	Land	Freehold buildings	Leasehold improvements	the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	
	£000	£000	£000	£000	£000	£000	£000	
Value at 1 April 2016	187,400	59,671	25,251	267,046	118,351	384,671	14,783	1,057,173
Additions at cost	–	–	1,907	18,854	659	–	769	22,189
Transfer of assets	204	(204)	68,785	(269,585)	200,800	–	–	–
Valuation of assets	1,856	28,747	(455)	–	11,270	44,766	–	86,184
Disposals	–	–	–	–	–	–	(897)	(897)
<b>Value at 31 March 2017</b>	<b>189,460</b>	<b>88,214</b>	<b>95,488</b>	<b>16,315</b>	<b>331,080</b>	<b>429,437</b>	<b>14,655</b>	<b>1,164,649</b>
Depreciation at 1 April 2016	–	1,398	717	–	17,178	18,606	13,231	51,130
Charge for the year	–	996	973	–	22,072	7,604	861	32,506
Valuation of assets	–	(2,332)	(1,395)	–	(37,116)	(26,210)	–	(67,053)
Disposals	–	–	–	–	–	–	(897)	(897)
<b>Depreciation at 31 March 2017</b>	<b>–</b>	<b>62</b>	<b>295</b>	<b>–</b>	<b>2,134</b>	<b>–</b>	<b>13,195</b>	<b>15,686</b>
<b>Net book value at 31 March 2017</b>	<b>189,460</b>	<b>88,152</b>	<b>95,193</b>	<b>16,315</b>	<b>328,946</b>	<b>429,437</b>	<b>1,460</b>	<b>1,148,963</b>
Net book value at 1 April 2016	187,400	58,273	24,534	267,046	101,173	366,065	1,552	1,006,043
<b>Historic cost NBV at 31 March 2017</b>	<b>50,730</b>	<b>41,117</b>	<b>81,893</b>	<b>16,315</b>	<b>225,882</b>	<b>70,950</b>	<b>1,460</b>	<b>488,347</b>
<b>Tate</b>								
	Assets in							Total tangible assets £000
	Land	Freehold buildings	Leasehold improvements	the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	
	£000	£000	£000	£000	£000	£000	£000	
Value at 1 April 2016	187,400	59,509	25,251	267,046	118,351	384,671	10,745	1,052,973
Additions at cost	–	–	1,907	18,854	659	–	569	21,989
Transfer of assets	204	(204)	68,785	(269,585)	200,800	–	–	–
Valuation of assets	1,856	28,747	(455)	–	11,270	44,766	–	86,184
Disposals	–	–	–	–	–	–	(23)	(23)
<b>Value at 31 March 2017</b>	<b>189,460</b>	<b>88,052</b>	<b>95,488</b>	<b>16,315</b>	<b>331,080</b>	<b>429,437</b>	<b>11,291</b>	<b>1,161,123</b>
Depreciation at 1 April 2016	–	1,354	717	–	17,178	18,606	9,820	47,675
Charge for the year	–	978	973	–	22,072	7,604	660	32,287
Valuation of assets	–	(2,332)	(1,395)	–	(37,116)	(26,210)	–	(67,053)
Disposals	–	–	–	–	–	–	(23)	(23)
<b>Depreciation at 31 March 2017</b>	<b>–</b>	<b>–</b>	<b>295</b>	<b>–</b>	<b>2,134</b>	<b>–</b>	<b>10,457</b>	<b>12,886</b>
<b>Net book value at 31 March 2017</b>	<b>189,460</b>	<b>88,052</b>	<b>95,193</b>	<b>16,315</b>	<b>328,946</b>	<b>429,437</b>	<b>834</b>	<b>1,148,237</b>
Net book value at 1 April 2016	187,400	58,155	24,534	267,046	101,173	366,065	925	1,005,298
<b>Historic cost NBV at 31 March 2017</b>	<b>50,730</b>	<b>41,017</b>	<b>81,893</b>	<b>16,315</b>	<b>225,882</b>	<b>70,950</b>	<b>834</b>	<b>487,621</b>

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A full revaluation of the Trustees' property holdings was undertaken at 31 March 2017 by Deloitte, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book," RICS Appraisal and Valuation Standards. Specialised property is valued at depreciated replacement cost and non-specialised property at market value for existing use.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold.

Where no formal revaluation is undertaken, buildings, plant and fit-out and the buildings and plant element of long leasehold assets have been revalued using indices provided by the Department for Business, Energy and Industrial Strategy; land and the land element of long leasehold assets have been revalued using information provided by Deloitte.

The financial effect of revaluing fixtures, fittings and equipment was considered to be immaterial and therefore they have been disclosed at their historical cost value.

The net book value at 31 March 2017 represents fixed assets for:

Group	Assets in							Total tangible assets
	Land	Freehold buildings	Leasehold improvements	the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	
	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	189,460	88,052	95,193	16,315	328,946	429,437	834	1,148,237
Other activities	–	100	–	–	–	–	626	726
	<u>189,460</u>	<u>88,152</u>	<u>95,193</u>	<u>16,315</u>	<u>328,946</u>	<u>429,437</u>	<u>1,460</u>	<u>1,148,963</u>

Tate's fixed assets are held to support charitable activities.

## 10. Heritage assets

### Group and Tate

	Value at 1 April 2016 £000	Additions £000	Value at 31 March 2017 £000
<i>Cost</i>			
Installations	16,207	930	<b>17,137</b>
Paintings	58,900	2,896	<b>61,796</b>
Reliefs	1,467	60	<b>1,527</b>
Sculptures	19,648	970	<b>20,618</b>
Works on paper	19,033	868	<b>19,901</b>
Time-based media	952	666	<b>1,618</b>
Archives	3,386	46	<b>3,432</b>
Other	342	–	<b>342</b>
ARTIST ROOMS	20,653	7	<b>20,660</b>
<i>Valuation</i>			
Installations	10,826	1,949	<b>12,775</b>
Paintings	163,046	10,337	<b>173,383</b>
Reliefs	723	43	<b>766</b>
Sculptures	31,946	1,113	<b>33,059</b>
Works on paper	15,033	6,244	<b>21,277</b>
Time-based media	320	1,088	<b>1,408</b>
Archives	6,334	–	<b>6,334</b>
Other	287	–	<b>287</b>
ARTIST ROOMS	48,083	221	<b>48,304</b>
Total additions	<u>417,186</u>	<u>27,438</u>	<u><b>444,624</b></u>

In the year 747 works of art and archives were added to the Collection of which 161 are included at cost price and 586 (including 16 part-purchased ARTIST ROOMS works) have been valued.

**Five-year financial summary of heritage asset transactions**

	2016-17	2015-16	2014-15	2013-14	2012-13
	£000	£000	£000	£000	£000
<b>Cost</b>					
Installations	930	1,315	1,136	883	2,379
Paintings	2,896	1,064	1,317	24,659	920
Reliefs	60	–	131	163	36
Sculptures	970	2,340	254	489	1,013
Works on paper	868	2,387	969	1,549	1,353
Time-based media	666	639	309	4	–
Archives	46	68	69	1,533	17
ARTIST ROOMS	7	20	54	–	–
<b>Valuation</b>					
Installations	1,949	1,530	2,171	671	1,872
Paintings	10,337	3,131	57,408	1,264	10,451
Reliefs	43	45	147	–	34
Sculptures	1,113	241	10,654	134	2,212
Works on paper	6,244	1,281	1,677	1,215	2,510
Time-based media	1,088	126	194	–	–
Archives	–	220	210	337	629
Other	–	3	–	–	–
ARTIST ROOMS	221	60	281	695	785
Total additions	<b>27,438</b>	<b>14,470</b>	<b>76,981</b>	<b>33,596</b>	<b>24,211</b>

**Further information on Tate's Collection**

Tate holds the National Collection of British art from 1500 and international modern and contemporary art from 1900. Tate's Collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The Collection is displayed at Tate Britain, Tate Modern, Tate Liverpool and Tate St Ives and through loans to temporary national and international exhibitions and long loans. Tate rotates its displays at all sites, partly with the aim of giving exposure to as much of the Collection as possible. Works on paper can be viewed by appointment in the Prints and Drawings Rooms at Tate Britain, which also houses the Turner Bequest. Tate also houses the National Archive of British Art from 1900, Tate's institutional records including material relating to the Collection and the Tate Library. The Tate Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material. The Archive and Library are accessible through the Tate Library and Archive Collections: Hyman Kreitman Reading Rooms at Tate Britain.

Tate's Collection seeks to represent significant developments in art in all areas covered by its remit with artworks of outstanding quality and importance. The representation of British art encompasses work by artists defined by their contribution to its history and development rather than simply by nationality. While it has traditionally focused on art from Western Europe and North America, Tate seeks to represent international modern and contemporary art from a global perspective and has recently expanded its holdings of work from Latin America, South-East Asia and Eastern Europe. When the Tate Gallery opened in 1897, its Collection consisted of the 65 works gifted by Henry Tate to the nation. The Collection currently consists of 73,568 works of art. Every work in the Collection has its own online information page and the majority are illustrated, though this is not always possible due to copyright restrictions. Further information on the Collection may be found in the foreword on page 7.

Following the recommendation of the Spoliation Advisory Panel, as mentioned in the annual accounts 2015-16, ownership of John Constable's *Beaching a Boat, Brighton 1824* was transferred to the claimants in June 2016.

More information is available on Tate's website, [www.tate.org.uk](http://www.tate.org.uk). The Collection is under the care of the Collection Care department, details of which can be found at [www.tate.org.uk/about/our-work/conservation](http://www.tate.org.uk/about/our-work/conservation) and the Acquisitions and Disposals and Loans policy can be found at [www.tate.org.uk/about/our-work/collection](http://www.tate.org.uk/about/our-work/collection).

## 11. Subsidiaries

The Board of Trustees of the Tate Gallery owns the whole of the issued share capital of Tate Enterprises Limited (comprising 2,495,320 ordinary shares of £1 each), Tate Gallery Publishing Limited (comprising 100 ordinary shares of £1 each) and Tate Gallery Projects Limited (comprising 100 ordinary shares of £1 each).

### *Tate Enterprises Limited*

Tate Enterprises Limited's principal activities comprise the management and operation of restaurant, café and ancillary services for the benefit of visitors to Tate's galleries, the publishing and sale of books and other products and merchandise associated with the Collection and Tate activities and the provision of education and some media services at all Tate sites.

The figures below are taken from the Tate Enterprises Limited accounts.

	<b>2017</b>	2016
	<b>£000</b>	£000
Fixed assets	<b>726</b>	745
Current assets	<b>11,303</b>	7,092
Current liabilities	<b>(9,057)</b>	(4,861)
Long-term liabilities	–	(38)
Net assets	<b>2,972</b>	2,938
Capital and reserves	<b>2,972</b>	2,938
	<b>2,972</b>	2,938

Current assets include stock of £4,556,000, comprising: work in progress £216,000; finished goods and goods for resale £4,340,000 (£3,351,000, comprising: work in progress £164,000; finished goods and goods for resale £3,187,000 in 2015-16).

	<b>2017</b>	2016
	<b>£000</b>	£000
Turnover	<b>35,068</b>	25,537
Cost of sales	<b>(12,758)</b>	(9,643)
Gross profit	<b>22,310</b>	15,894
Other income	<b>5</b>	53
Administrative expenses	<b>(19,498)</b>	(15,154)
Trading profit	<b>2,817</b>	793
Interest receivable	<b>2</b>	9
Net contribution	<b>2,819</b>	802

The net contribution consists of £1,309,000 from publishing and retail operations (£369,000 in 2015-16), £38,000 from catering operations (loss of £100,000 in 2015-16) and £1,472,000 from education and media services (£533,000 in 2015-16). Turnover includes £1,657,000 of sales to Tate (£1,005,000 in 2015-16). Administrative expenses include £1,788,000 of expenditure recharged by Tate (£1,352,000 in 2015-16).

The taxable profits of Tate Enterprises Limited are distributed to the Board of Trustees of Tate Gallery under Gift Aid rules each year.

### *Tate Gallery Publishing Limited*

Tate Gallery Publishing Limited is a wholly-owned subsidiary of the Board of Trustees of the Tate Gallery. Tate Gallery Publishing Limited is a dormant company.

### *Tate Gallery Projects Limited*

Tate Gallery Projects Limited is a wholly-owned subsidiary of the Board of Trustees of the Tate Gallery. Its principal activities consist of fundraising and project management in respect of the Tate Modern development project. Net assets have decreased by £2,527 to £6,209 in the year.

**12. Debtors**

	<b>Group</b>		<b>Tate</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>3,939</b>	7,487	<b>2,604</b>	6,438
Amounts due from group companies	–	–	<b>4,519</b>	1,723
Other debtors	<b>1,992</b>	1,191	<b>1,846</b>	1,144
Prepayments and accrued income	<b>3,434</b>	5,444	<b>3,260</b>	5,264
	<b>9,365</b>	14,122	<b>12,229</b>	14,569

**13. Cash and liquid resources**

	<b>Group</b>		<b>Tate</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
held at/in:				
Government Banking Service	<b>2,770</b>	1,863	<b>2,770</b>	1,863
Interest-bearing accounts	<b>18,002</b>	16,173	<b>13,665</b>	13,948
Cash and non-interest-bearing accounts	<b>527</b>	14	<b>59</b>	55
	<b>21,299</b>	18,050	<b>16,494</b>	15,866

Reconciliation to liquid resources (see note 18(ii))

	<b>2017</b>	2016
	<b>£000</b>	£000
Interest-bearing accounts	<b>18,002</b>	16,173
Less: funds held in interest-bearing current or call accounts	–	–
Liquid resources (funds held on deposit)	<b>18,002</b>	16,173

**14. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Tate</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>2,871</b>	2,579	<b>1,409</b>	1,876
Amounts due to group companies	–	–	<b>354</b>	144
Taxation and social security	<b>1,646</b>	1,595	<b>625</b>	537
Other creditors	<b>1,186</b>	2,306	<b>995</b>	2,139
Accruals	<b>8,411</b>	13,324	<b>6,782</b>	12,380
Deferred income	<b>4,693</b>	4,124	<b>4,396</b>	4,004
Obligations under finance lease (note 20)	<b>10</b>	10	<b>10</b>	10
	<b>18,817</b>	23,938	<b>14,571</b>	21,090

**Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Tate</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>149</b>	174	<b>149</b>	174
Deferred income	<b>69</b>	42	<b>69</b>	3
Obligations under finance lease (note 20)	<b>376</b>	378	<b>376</b>	378
	<b>594</b>	594	<b>594</b>	555



**Deferred income**

	<b>Group</b>		<b>Tate</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income brought forward	<b>4,166</b>	3,765	<b>4,007</b>	3,732
Released in year	<b>(3,764)</b>	(3,325)	<b>(3,448)</b>	(3,186)
Deferred in year	<b>4,360</b>	3,726	<b>3,906</b>	3,461
Deferred income carried forward	<b>4,762</b>	4,166	<b>4,465</b>	4,007

Income relating to the future provision of services is deferred until the services are provided and entitlement to the income is earned.

**15. Operating leases**

At 31 March 2017 Tate had annual commitments under non-cancellable leases as follows:

<b>Group</b>	Land and buildings	Other	<b>2017</b>	2016
	£000	£000	<b>£000</b>	£000
Operating leases expiring within				
One year	608	197	<b>805</b>	685
Two to five years	469	415	<b>884</b>	663
More than five years	–	–	–	–
	<u>1,077</u>	<u>612</u>	<u><b>1,689</b></u>	<u>1,348</u>
<b>Tate</b>	Land and buildings	Other	<b>2017</b>	2016
	£000	£000	<b>£000</b>	£000
Operating leases expiring within				
One year	480	92	<b>572</b>	501
Two to five years	33	247	<b>280</b>	485
More than five years	–	–	–	–
	<u>513</u>	<u>339</u>	<u><b>852</b></u>	<u>986</u>

**16. Statement of funds**

<b>Group</b>	Opening funds £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	18,601	–	1,202	–	–	–	<b>19,803</b>
Buildings and equipment	34,349	–	6,200	(7,453)	46	–	<b>33,142</b>
Collection fund	51	–	–	–	–	–	<b>51</b>
	<u>53,001</u>	<u>–</u>	<u>7,402</u>	<u>(7,453)</u>	<u>46</u>	<u>–</u>	<b>52,996</b>
<i>General funds</i>	<u>9,499</u>	<u>–</u>	<u>102,964</u>	<u>(96,873)</u>	<u>–</u>	<u>–</u>	<b>15,590</b>
<b>Total unrestricted funds</b>	<b>62,500</b>	<b>–</b>	<b>110,366</b>	<b>(104,326)</b>	<b>46</b>	<b>–</b>	<b>68,586</b>
<b>Restricted</b>							
Tate Modern development	87,791	(9,617)	–	(7,605)	–	–	<b>70,569</b>
Buildings and equipment	377,975	9,617	18,167	(21,504)	3	–	<b>384,258</b>
Revaluation reserve	507,385	–	–	–	153,231	–	<b>660,616</b>
Works of art	398,516	–	26,815	–	–	–	<b>425,331</b>
Acquisition trust funds	444	220	(121)	(55)	–	60	<b>548</b>
Other funds	48	–	7,068	(7,081)	–	3	<b>38</b>
	<u>1,372,159</u>	<u>220</u>	<u>51,929</u>	<u>(36,245)</u>	<u>153,234</u>	<u>63</u>	<b>1,541,360</b>
<b>Endowments</b>	<u>10,981</u>	<u>(220)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,672</u>	<b>12,433</b>
<b>Total funds</b>	<b>1,445,640</b>	<b>–</b>	<b>162,295</b>	<b>(140,571)</b>	<b>153,280</b>	<b>1,735</b>	<b>1,622,379</b>

<b>Tate</b>	Opening funds £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	18,601	–	1,202	–	–	–	<b>19,803</b>
Buildings and equipment	33,604	–	6,000	(7,234)	46	–	<b>32,416</b>
Collection fund	51	–	–	–	–	–	<b>51</b>
	<u>52,256</u>	<u>–</u>	<u>7,202</u>	<u>(7,234)</u>	<u>46</u>	<u>–</u>	<b>52,270</b>
<i>General funds</i>	9,802	–	74,816	(68,778)	–	–	<b>15,840</b>
<b>Total unrestricted funds</b>	<u>62,058</u>	<u>–</u>	<u>82,018</u>	<u>(76,012)</u>	<u>46</u>	<u>–</u>	<b>68,110</b>
<b>Restricted</b>							
Tate Modern development	87,782	(9,617)	–	(7,602)	–	–	<b>70,563</b>
Buildings and equipment	377,975	9,617	18,167	(21,504)	3	–	<b>384,258</b>
Revaluation reserve	507,385	–	–	–	153,231	–	<b>660,616</b>
Works of art	398,516	–	26,815	–	–	–	<b>425,331</b>
Acquisition trust funds	444	220	(121)	(55)	–	60	<b>548</b>
Other funds	48	–	7,068	(7,081)	–	3	<b>38</b>
	<u>1,372,150</u>	<u>220</u>	<u>51,929</u>	<u>(36,242)</u>	<u>153,234</u>	<u>63</u>	<b>1,541,354</b>
<b>Endowments</b>	<u>10,981</u>	<u>(220)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,672</u>	<b>12,433</b>
<b>Total funds</b>	<u>1,445,189</u>	<u>–</u>	<u>133,947</u>	<u>(112,254)</u>	<u>153,280</u>	<u>1,735</u>	<b>1,621,897</b>

**Fair value reserve (investments) – movements**

	As at 1 April 2016 (restated) £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2017 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<b>Restricted</b>						
Acquisition trust funds	71	58	(19)	110	417	527
Other funds	6	4	(2)	8	30	38
	<u>77</u>	<u>62</u>	<u>(21)</u>	<u>118</u>	<u>447</u>	<u>565</u>
<b>Endowments</b>	<u>1,220</u>	<u>1,630</u>	<u>(264)</u>	<u>2,586</u>	<u>9,832</u>	<u>12,418</u>
<b>Total funds</b>	<u>1,297</u>	<u>1,692</u>	<u>(285)</u>	<u>2,704</u>	<u>10,279</u>	<u>12,983</u>

The accounts comprise a number of individual funds that divide into distinct categories, which are defined below.

**Designated funds**

Funds designated for a particular use by the Trustees.

Designated funds and the purpose for which their income may be applied are:

- *Works of art* – funds applied towards the purchase of works of art for the Collection;
- *Buildings and equipment* – funds applied towards the purchase of equipment and building works;
- *Collection fund* – funds designated by the Trustees for the benefit of the Collection. This fund has been temporarily redesignated to assist with the cash-flow funding of the capital projects. On completion of the projects it is intended to return the fund to its original designation, as follows. The Collection fund comprises three elements: *Collection Fund*, *Turner Scholarship* and *Collection Support*. On designation, £10 million was earmarked as capital and created the *Collection Fund*, £1 million was designated *Turner*

*Scholarship* and £7 million was designated for *Collection Support*. The income from the *Collection Fund* will be used to purchase works of art. *Turner Scholarship* and *Collection Support* will be used to benefit the long-term care of the Collection, including research, conservation and improving access to Tate's Collection Store in Southwark.

### General funds

Funds available for general use.

### Restricted funds

Funds restricted for particular purposes either by the wishes of the donor or by the nature of the fundraising appeal.

Restricted funds and the purpose for which their income may be applied are:

- *Tate Modern development* – funds raised from the Millennium Commission, English Partnerships, Southwark Borough Council, private and corporate donors towards the redevelopment of Bankside Power Station as Tate Modern;
- *Buildings and equipment* – the value of Tate's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals; also, restricted funds, including money from lottery and other public sources, raised specifically for and applied to the purchase of equipment and building works;
- *Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost. The reserve applies to both restricted and unrestricted assets, but all of the reserve is restricted;
- *Works of art* – restricted funds, including money from the Heritage Lottery Fund, raised specifically for and applied to the purchase of works of art together with all donated works of art since 1 April 2001;
- *Acquisition trust funds* – a number of restricted trust funds for the purchase of works of art for the Collection, including:
  - *Knapping Fund* – for the purchase for exhibition in England, Scotland and Wales of paintings in any medium, or sculpture, by artists of any nationality living at or within twenty-five years of the time of purchase;
  - *Gytha Trust* – for purchases for the Collection. This fund has been transferred from expendable endowments in the year;
  - The expendable elements of the *ARTIST ROOMS*, *Abbott Bequest*, *Evelyn*, *Lady Downshire's Fund* and *Themans Trust* endowments;
- *Other restricted funds*:
  - The expendable element of the *Shenkman Fund* and *Porter Kreitman Artists Book Fund* endowments;
  - Other funds which were set up and utilised during the year as a result of donations received for specific purposes.

### Endowment funds

Endowment funds are funds that the donor has stated are to be held as capital.

The endowment funds and the purpose for which their income may be applied are:

- *ARTIST ROOMS Fund* – for the purchase of works of art for the *ARTIST ROOMS* Collection;
- *Abbott Bequest* – for the purchase of pictures and drawings by DG Rosetti or his contemporaries. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Evelyn, Lady Downshire's Fund* – permanent endowment for the purchase of modern paintings. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Shenkman Fund* – to pay for commissions of works of art at Tate Modern Restaurant. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Themans Trust* – permanent endowment for the purchase of paintings. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Porter Kreitman Artists Book Fund* – permanent endowment for the purchase of artists' books. The capital element of this endowment remains permanently intact and only the income can be spent.

**17. Analysis of net assets between funds**

Funds balances at 31 March 2017 are represented by:

<b>Group</b>	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2017 £000</b>	Total 2016 £000
Tangible assets	33,142	–	1,115,821	–	<b>1,148,963</b>	1,006,043
Heritage assets	19,803	–	424,821	–	<b>444,624</b>	417,186
Investments	–	–	565	12,418	<b>12,983</b>	11,420
Net current assets	51	15,808	529	15	<b>16,403</b>	11,585
Long term creditors	–	(218)	(376)	–	<b>(594)</b>	(594)
<b>Total net assets</b>	<b>52,996</b>	<b>15,590</b>	<b>1,541,360</b>	<b>12,433</b>	<b>1,622,379</b>	<b>1,445,640</b>
<b>Tate</b>	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2017 £000</b>	Total 2016 £000
Tangible assets	32,416	–	1,115,821	–	<b>1,148,237</b>	1,005,298
Heritage assets	19,803	–	424,821	–	<b>444,624</b>	417,186
Investments	–	2,495	565	12,418	<b>15,478</b>	13,915
Net current assets	51	13,563	523	15	<b>14,152</b>	9,345
Long term creditors	–	(218)	(376)	–	<b>(594)</b>	(555)
<b>Total net assets</b>	<b>52,270</b>	<b>15,840</b>	<b>1,541,354</b>	<b>12,433</b>	<b>1,621,897</b>	<b>1,445,189</b>

**18. Cash flow information****(i) Reconciliation of net income to net cash inflow from operating activities**

	<b>2017 £000</b>	2016 £000
Net income for the reporting period	<b>23,459</b>	46,479
Adjustments for:		
Depreciation charges	<b>32,506</b>	19,012
(Gains)/losses on investments	<b>(1,735)</b>	391
Dividends and interest	<b>(399)</b>	(386)
Loss on the disposal of fixed assets	–	2,273
Impairment of fixed assets	<b>44</b>	–
Donations of works of art	<b>(20,995)</b>	(4,867)
(Increase)/decrease in stocks	<b>(1,205)</b>	121
Decrease/(increase) in debtors	<b>4,757</b>	(1,423)
(Decrease)/increase in creditors	<b>(4,537)</b>	4,062
<b>Net cash inflow from operating activities</b>	<b>31,895</b>	<b>65,662</b>

**(ii) Analysis of cash and cash equivalents**

	<b>2017 £000</b>	2016 £000
Cash in hand	<b>3,297</b>	1,877
Notice deposits (less than three months)	<b>18,002</b>	16,173
<b>Total cash and cash equivalents</b>	<b>21,299</b>	<b>18,050</b>

**(iii) Material non-cash transactions**

	<b>2017</b>	2016
	<b>£000</b>	£000
Donations of works of art	<b>20,995</b>	4,867

**19. Capital commitments**

Financial commitments were as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
Capital expenditure contracted for, but not provided in the accounts	<b>1,386</b>	10,196
Acquisition of works of art contracted for, but not provided in the accounts	<b>5,903</b>	3,498

	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2016	<b>10,196</b>	<b>3,498</b>
Less paid for during the year	<b>(10,898)</b>	<b>(2,787)</b>
Additional commitments	<b>2,088</b>	<b>5,192</b>
Closing commitments at 31 March 2017	<b>1,386</b>	<b>5,903</b>

Capital commitments for assets in the course of construction relate to capital expenditure for the building project at Tate St Ives that is contracted for, but not provided for in the accounts. Payments against these commitments, funded via donations and grants pledged to the project, are made on a monthly basis and will continue to reduce in line with the construction programme to completion in 2017.

Commitments to acquire works of art are made throughout the year with the timing of payments dependent upon bringing the work into Tate's premises and satisfactory completion of condition checks. Payments for works are normally expected to take place within the following year and will be funded via donations already pledged to the acquisitions as well as further fundraising during the coming months.

**20. Tate Modern finance leasing structure**

Tate Gallery Projects Limited (TGPL) acquired the freehold of the site of Bankside Power Station in March 1996 for £11,439,000 with assistance from various sources including a substantial grant from the Urban Regeneration Agency; under the terms of this grant legal title to the property remained with Magnox Electric until the start of construction in August 1997 when title passed to TGPL.

TGPL is a wholly-owned subsidiary of Tate and granted a 105-year head lease interest in the site of the Bankside Power Station to NatWest Markets Property Investments Limited (NWPIL) on 28 October 1997 for a premium of £11,385,000. Tate entered into a 105-year finance lease of the site of Bankside Power Station from NWPIL on 28 October 1997. The level of rental payments took account of NWPIL's investment in the property and interest charges accruing thereto.

On 30 September 2010 the rentals were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. Following commutation, the annual rent is £10,000 per annum; the remaining rental obligations to which Tate is committed are:

	<b>2017</b>	2016
	<b>£000</b>	£000
In one year or less	<b>10</b>	10
Between two and five years	<b>40</b>	40
Over five years	<b>805</b>	815
Less: Finance charges allocated to future periods	<b>(469)</b>	(477)
	<b><u>386</u></b>	<u>388</u>

The Finance lease has been discounted using a rate of 2.2% over the life of the lease. At the end of 2016-17 there were 85 years remaining on the lease.

## 21. Contingent liabilities

### Guarantees to and on behalf of Tate Foundation

On 14 June 2012 a Parliamentary minute was approved that allows Tate to provide guarantees to and on behalf of Tate Foundation, an independent charity, so that it can borrow up to £55 million to provide cash-flow support towards Tate's major capital projects and satisfy donor requirements. Tate Foundation is providing the majority of the remaining funding for the major projects and needs to borrow funds as anticipated dates for receipt of funds from private donors will not exactly match the anticipated dates for payments under the relevant construction and other associated contracts. The amount borrowed will be repaid out of donations within six years from September 2012, but with the option of being extended, if necessary, with the agreement of the lenders and Tate Foundation. Bearing in mind the flow of donation income to Tate Foundation, Tate Foundation's existing unrestricted funds and the ability to extend the facility if necessary, it is considered very unlikely that Tate will be called upon to pay anything under the guarantees.

There are no other contingent liabilities.

## 22. Related party transactions

Tate is an NDPB whose parent department is DCMS. DCMS is regarded as a related party. During the year, Tate had a number of transactions in the normal course of business and at full arm's length with DCMS.

The National Gallery and Tate Boards have an agreement, reached in 1997 and renewed in 2002 and 2009, that the dividing line of the National Gallery's and Tate's responsibilities in respect of the scope of their Collections of foreign art should be circa 1900. Accordingly a group of works has been lent by Tate to the National Gallery and vice versa.

As well as being Trustees of Tate, Hannah Rothschild, Lisa Milroy and Dexter Dalwood are also Trustees of the National Gallery.

Tom Bloxham is a trustee of the Bloxham Charitable Trust. Tate received £29,000 of donations from the Trust in 2016-17.

Hannah Rothschild is a director and member of the Rothschild Foundation. Tate received £20,000 of donations from the Foundation in 2016-17.

Maja Hoffmann is a member of LUMA Foundation. Tate received £675,000 of donations from the Foundation during 2016-17.

Elisabeth Murdoch is a director, member and shareholder of Freelands Foundation, from whom Tate received donations of £150,000 in 2016-17.

Dame Seona Reid is deputy chair of the Heritage Lottery Fund, from whom Tate has received significant grant funding during the year as detailed in note 3.

Moya Greene is a director of Royal Mail Group.

Lionel Barber donated £20,000, Elisabeth Murdoch donated £5,000, Hannah Rothschild donated £5,000 and Gareth Thomas donated £1,000 to Tate during 2016-17.

Mark Osterfield is a trustee of John Wells Borlase Smart Trust, to whom Tate paid £7,000 in room hire fees during 2016-17.

Sir Nicholas Serota is a trustee of Creative Industries Federation to which Tate holds a membership subscription.

The Lord Browne of Madingley is a Trustee of Tate Foundation; Elisabeth Murdoch and Gareth Thomas were directors of Tate Enterprises Limited until 9 September 2016 and 25 February 2017, respectively.

Sir Nicholas Serota, Kerstin Mogull, Polly Bidgood and Stephen Wingfield are directors of Tate Foundation. Polly Bidgood, Kerstin Mogull and Stephen Wingfield are directors of Tate Enterprises Limited.

During the year Tate Members made donations to Tate of £2,903,632 (£8,657,396 in 2015-16) and reimbursed Tate for staff costs and finance and ticketing charges totalling £nil (£1,467,996 in 2015-16). At the year end, debtors included £nil (£507,000 in 2015-16) and creditors included £1,000 (£nil in 2015-16) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £18,301,418 (£52,275,143 in 2015-16) and reimbursed Tate for staff costs totalling £440,333 (£379,523 in 2015-16) and support costs totalling £97,512 (£85,670 in 2015-16). At the year end, debtors included £1,143,000 (£2,852,000 in 2015-16) and creditors included £315,000 (£495,000 in 2015-16) in respect of Tate Foundation.

During the year the American Fund and Americas Foundation made donations to Tate of £707,486 (£2,115,034 in 2015-16). At the year end, creditors included £186,000 (£292,000 in 2015-16) in respect of the American Fund.

During the year the Canada Foundation made donations to Tate of £56,716 (£nil in 2015-16). At the year end, creditors included £40,000 (£nil in 2015-16) in respect of the Canada Foundation.

The details of key management compensation are disclosed in the remuneration report.

### **23. Financial instruments**

As a significant proportion of the cash requirements of the charity are met through Grant in Aid received from DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments are cash relating to the running of the operation. The charity's main exposure is investments and debtors.

#### **Credit risk**

Tate is exposed to a credit risk of £3,776,000 representing trade debtors (£5,032,000 in 2015-16), however the risk is not considered significant as major customers are known to Tate. All debtors over six months in age are provided for as doubtful debts totalling £150,000 (£286,000 in 2015-16).

Cash is held by Tate's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 13.

#### **Liquidity risk**

Tate manages liquidity risk through its reserves policy. Tate does not make use of long-term debt or borrowing facilities, with the exception of the Tate Modern finance lease (the details of which are set out in note 20). As a result, Tate is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

#### **Market risk**

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 20. Interest and investment income represents 0.25% of the total incoming resources for Tate (0.25% in 2015-16). Tate is therefore not exposed to significant interest or investment risk.

#### **Foreign currency risk**

Tate's exposure to foreign currency risk is not significant.

### **24. Post balance sheet events**

The annual report and accounts were approved by the Accounting Officer and Trustees on 5 July 2017 and authorised for issue on the date they were certified by the Comptroller and Auditor General.



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