

# The Board of Trustees of the Tate Gallery Annual Accounts 2017-2018

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

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# 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 Digital, Culture, Media and Sport (DCMS).

The consolidated statement of financial activities set out on page 42 has been prepared in line with the SORP. 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.

## Mission

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;
- ensuring that the benefit of Tate's work is felt across the UK;
- developing Tate's digital offer;
- generating revenue in addition to the amount received in Grant in Aid;
- an enhanced programme of employee engagement.

A review of Tate's key business activities during 2017-18, 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 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 and June 2016 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 Digital, Culture, Media and Sport (DCMS). Tate is an exempt charity as defined by Schedule 3 to the Charities Act 2011.

### Associated charities

Tate has three associated charities. 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 Foundation:** an independent charity created 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 2018 audit has been carried out on his behalf by PricewaterhouseCoopers LLP. The audit fee for the year ended 31 March 2018 was £54,000 (£54,000 in 2016-17).

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. The Accounting Officer and Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charitable NDPB's auditors are aware of that information.

Signed

*Maria Balshaw* 4 July 2018

Director, Tate

Signed

*Lionel Barber* 4 July 2018

Chairman, Tate



# 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 Digital, Culture, Media and Sport under the Museums and Galleries Act 1992.

## Review of activities in 2017-18

The key achievements of 2017-18 include:

- the appointment of Lionel Barber as Chair of the Board of Trustees in March 2018;
- the commencement of Maria Balshaw's tenure as Director of Tate in June 2017;
- the successful opening of the new Tate St Ives in October 2017, enabling the gallery to combine international significance with local value; this included a complete rehang of the modernist displays;
- several high profile exhibitions including: *Giacometti, Modigliani, Soul of a Nation* and *The EY Exhibition: Picasso, 1932* at Tate Modern; *Queer British Art, Rachel Whiteread* and *The EY Exhibition: French Impressionists in London*, as well as the conclusion of *David Hockney* at Tate Britain; *Portraying a Nation: Germany 1919-1933* at Tate Liverpool; and *Rebecca Warren: All that Heaven Allows* at Tate St Ives;
- the launch of a new website and conclusion of a significant technical project to improve the digital experience available to Tate's audiences, including mobile ticketing.

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

Within the overarching aim of championing art and its value to society, the objectives that Tate has pursued this year have been to:

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

## New Director and Chair

Maria Balshaw became the first woman Director of Tate when she took over the role from Sir Nicholas Serota in June 2017. Since then, she has begun the process of developing the organisation's vision for the future, a process that will continue into 2018-19.

In March 2018, Trustees elected Lionel Barber as the Chair of the Board of Trustees in succession to the Lord Browne of Madingley.

## The opening of the new Tate St Ives

The signal achievement of 2017-18, encompassing all of Tate's objectives and requiring the work of many at Tate, in St Ives and beyond, was the launch of the new Tate St Ives after a period of extension and refurbishment. The doors opened on 12 October 2017. This was the completion of a major project that had refurbished the existing galleries and added a major new temporary exhibition space. Jamie Fobert Architects' design for the extension married perfectly with the refurbishment of the existing building by the original architects, Evans and

Shalev, to deliver a gallery that will bring significant benefit to Cornwall and the South West, the UK and internationally.

The extension represents a major technical achievement: a new 600m<sup>2</sup> space was built into the hillside, both respecting the beauty of the location and the practical requirements of the town and also contributing a new terrace overlooking the beach and sea. In the same project, new learning studios, including the Clore Sky studio, were added to the existing building, with a splendid view across the north Cornish coast. Within the extension, the new galleries can be divided as each show requires, functioning as either an open space, or divided into six smaller units or any combination therein. The range of art that can be displayed at Tate St Ives has increased significantly due to a greater load-bearing capacity and ceiling. The extension also incorporated new art handling spaces that, critically for the public offer, mean that the gallery can remain open while displays are changed.

The addition of dedicated exhibition space means that the original galleries, refurbished as part of the project, can now be dedicated to a display exploring modern art in St Ives and its relationship with the wider world. It offers a chronological overview of 20<sup>th</sup> 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.

## Championing art and its value to society

### Collection

Tate cares for the national collection of British art from 1500 and international modern and contemporary art. It does so on behalf of the public, presenting and developing the Collection and sharing it as widely as possible.

Collections and displays across the galleries reflect the priority of strengthening the representation of work from areas identified as needing greater focus, such as work by women artists and from areas of the world that have, in the past, been marginalised. Good examples are the photographic displays this year at Tate Modern of Carrie Mae Weems, Dyanita Singh and Mark Ruwedel and the acquisition of work by Tomma Abts and Rosalind Nashashibi.

In total, 733 works were accessioned and, of these, 551 are international. The variety reflects the transnational ambition of the Collection, looking at the dialogue between artists working away from the European/American canon. Coming to fruition in displays like those just mentioned, an emphasis has been placed on strengthening the photographic collections and this has benefited from extraordinary gifts from Michael and Jane Wilson and Eric and Louise Franck, as well as the acquisition of the Martin Parr photobook collection acquired with generous support from LUMA Foundation. At the same time, there has been a concern to reflect the changing practice of artists from around the world: highlights this year have been the display in the Tanks at Tate Modern of impressive large-scale installations by artists such as Amar Kanwar and Otobong Nkanga.

Tate is grateful to its many supporters, the generosity of whom has enabled acquisitions. For instance, through a gift to the nation, Jack Kirkland gave two early Mark Wallinger sculptures, strengthening the representation of one of the major British artists working today. Elsewhere, through the Acceptance in Lieu scheme, Tate acquired an extraordinary large scale group portrait of *The Whig Junto* by John James Baker from 1710 and two major sculptures by Anthony Caro from the estate of his wife, the painter Sheila Girling.

In recent years, Tate and the nation have benefited greatly from the generosity of the Marie-Louise Motesiczky Charitable Trust, which this year gave four works by the artist, along with a sketchbook and twenty-five drawings to Tate Archive. In addition to this gift, Tate is very grateful for a grant from the Trust which has enabled the digitisation of nearly 10,000 items and pieces from this key artist's archives, which were published online for the first time this year. Highlights include correspondence between Motesiczky and artists and personalities such as Max Beckmann, Milein Cosman, Mary Durasova, Paul Doering, Oskar Kokoschka, Wolfgang Paalen and Siegfried Sebba. In addition, there are letters to and from Motesiczky's family including her grandmother, Anna von Lieben, who was one of Sigmund Freud's first patients.

The commitment to diversifying the Collection runs through British acquisitions too. A number of film and video acquisitions have seen the addition of works by artists previously unrepresented in the Collection such as Hannah Black, Tina Keane, the Ottolith Group, Ben Rivers (film) and the first video installation by Hannah Collins. At the same time, long loans have strengthened displays in a number of areas, an example being John Opie's *The School Mistress* of 1784. Commissions have also been a prominent part of activity. Later in the year, *Remembered Skies*, a commission undertaken by Martin Boyce was opened outside the Clore Gallery, the home of Turner's paintings, generously supported by a grant from the Clore Duffield Foundation. Similarly, the Shenkman Commission, fulfilled by Arturo Herrera, was installed in the bar and kitchen at Tate Modern and

commissions by Rose Wylie and Michele Abeles were undertaken in the Level 8 Members Room and Level 9 Restaurant, respectively.

Elsewhere at Tate Modern, acquisitions and displays have been used to animate further spaces beyond the dedicated galleries. Bruce Nauman's *Raw Materials*, the 2004 Turbine Hall Commission newly acquired for the Collection, returned to the Turbine Hall and complemented an ARTIST ROOM dedicated to the artist on Level 4 of the Blavatnik Building. Later in the year, works were introduced on the concourses of Level 4, including Jenny Holzer's *Inflammatory Statements* and David Batchelor's *The Spectrum of Brick Lane*.

At Tate Liverpool, the Collection formed the basis of a number of major displays. In July 2017, Naum Gabo's *Head No. 2 1916, enlarged version 1964* was installed in the foyer, welcoming visitors as they enter the gallery. The Collection was also used to complement the exhibition programme, with an ARTIST ROOM by August Sander being paired with Otto Dix for summer exhibition *Portraying a Nation: Germany 1919 -1933*. The exhibition displayed more than 140 photographs from the ARTIST ROOMS collection to create a large-scale timeline of Weimar Germany, placing individual subjects against a backdrop of the cultural and political history of the time.

Tate Liverpool also launched ARTIST ROOMS: *Roy Lichtenstein in Focus*, which included one of the most well-known works in the Tate Collection, *Whaam!*, following ground-breaking conservation. In preparation, Tate conservation scientists had collaborated with CSGI scientists in Florence to develop a new gel based on nanotechnology which provides greater control in cleaning a painting. It has been produced through a Horizon 2020-funded research project, NANORESTART.

Tate's displays also provide a space in which to comment and reflect on contemporary issues and events. It was therefore with sadness that the work of Saye, the young artist whose work had so recently been shown as part of the Diaspora Pavilion at the Venice Biennale but who only weeks later was a victim of the tragedy of the Grenfell fire, was shown at Tate Britain. Some of these works were later acquired, providing lasting testimony in the national collection to her short career.

## Programme

At Tate Modern, the programme across the Boiler House, the Blavatnik Building, the Starr Cinema and the Tanks delivered a balance of rich and diverse content and strong appeal stretching from exhibitions breaking new ground such as *Soul of a Nation: Art in the Age of Black Power*, *Fahrelnissa Zeid*, the first UK survey of this key figure in art from the Middle East, and *Ilya and Emilia Kabakov: Not Everyone Will Be Taken Into the Future*, to loan exhibitions of more recognised names, such as *Giacometti*, *Modigliani* and *Picasso 1932*.

All of these exhibitions contributed in different ways to Tate's wider objectives. *Soul of a Nation* in particular made a vital contribution to achieving Tate's wider strategic goal of attracting more diverse audiences. For the first time, *Joan Jonas* combined an exhibition on Level 2 of the Blavatnik Building with the BMW Live Exhibition along with a continued presence in the Tanks, a film retrospective in the Starr Cinema and an additional performance in the Turbine Hall, exploring different ways of engaging visitors to the gallery. The double-bill of *Modigliani* and *Picasso 1932* attracted great critical praise and drew large audiences, underscoring Tate Modern's role as a major international player in the presentation of early modern art. Superflex's Hyundai Commission, *One, Two, Three Swing!* was the first commission to connect the interior and exterior of Tate Modern, signalling a spirit of inclusiveness and openness.

At Tate Britain, *David Hockney closed*, recording the highest figures in history for any show at the gallery, contributing to the record numbers for the gallery as a whole. This was followed by *Rachel Whiteread*, a show that examined the career of another of Britain's leading artists and, later in the year, *The EY Exhibition: Impressionists in London, French Artists in Exile (1870-1904)*, the first exhibition to map the connections between French and British artists, patrons and art dealers during a traumatic period in French history. *Queer British Art* opened in the summer and marked the fiftieth anniversary of the partial decriminalisation of male homosexuality in England. It explored how artists expressed themselves in a time when established assumptions about gender and sexuality were being questioned and transformed. Like *Soul of a Nation* at Tate Modern, different models were explored in conceiving and producing the show, engaging staff networks and different communities as it was developed. It proved hugely popular with audiences and recorded an exceptionally large number of visitors identifying as LGBTQ+; more than that, it provided a place for expression and tolerance, with visitors spontaneously using the comment boards to share personal experiences and views. In July, Tate Britain also saw the launch of the Pride festival.

Tate Liverpool's programme included shows on Otto Dix, John Piper and Egyptian surrealism. There were also a number of commissions, including an ambitious and large-scale project by Aleksandra Mir that was presented simultaneously at Tate Liverpool and Modern Art Oxford. Inspired by the artists who depicted Halley's Comet in the Bayeux Tapestry, *Space Tapestry* featured hand-drawn monochrome wall hangings that reflected on society's relationship with space and our curiosity as to whether or not we are alone in the universe. In 2017, to celebrate the 50<sup>th</sup> anniversary of the Beatles' *Sgt Pepper's Lonely Hearts Club Band*, international artists from different

disciplines were asked to create new works inspired by different tracks. Tate Liverpool commissioned Judy Chicago, an icon of American art, who responded to the lyrics of *Fixing a Hole* in a spectacular mural, *Four Lads From Liverpool*, on the walls of the monumental Grain Silo in Great Howard Street, her largest painting to date.

The opening exhibition at the new Tate St Ives was *All that Heaven Allows*, Rebecca Warren's first major UK solo exhibition in eight years and her first in a national gallery. Earlier in the year, Tate worked in partnership with the Leach Pottery to host a residency by artist Aaron Angell. This saw the production of new work with access to larger kilns whilst providing Tate and its audiences with opportunity to connect with the artist during *The Studio and The Sea* exhibition.

## Developing a sustainable operating model for the future

Government subsidy remains the single largest element of Tate's income and is vital in underpinning 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, however, it looks continuously to seek further efficiency in the way that it works. This year, for example, catering and enterprises operations were reviewed to ensure optimum performance. At the same time, expenditure across the gallery has been monitored carefully to ensure that resources are concentrated on meeting Tate's objectives and strategic priorities. As ever, fundraising has been a major source of income and, after the completion of the capital projects at Tate Modern and Tate St Ives the focus has shifted to encouraging support for Tate's ongoing activities and operations. Tate is grateful to the generosity of all its donors for the support that they offer across the range of its activities.

### **Tate Enterprises Limited**

Tate Enterprises Limited comprises three divisions: Tate Enterprises, Tate Catering and Tate Commercial (see note 11).

Overall turnover in Tate Enterprises (the shops and other retail functions, including ecommerce) this year was £19,871,000 (£17,344,000 in 2016-17) with a net contribution of £2,222,000 (£1,309,000 in 2016-17), with notable success in print and product and in the online shop, each of which recorded their highest turnovers to date. Retail was a key element of a wider digital transformation project across the gallery that is described further below. Teams in retail worked with others in the gallery to give Tate's audiences and customers a smoother experience, buying tickets and products in a single transaction. It was also the most successful year for location filming, which is managed as a commercial offer by Tate Enterprises.

The success of exhibitions was reflected in high secondary spend in the shops during the runs of *David Hockney* at Tate Britain and *Modigliani* and then *Picasso* at Tate Modern. Tate Enterprises also worked with a number of partners in different ways to provide an ever changing offer to customers. This included the production of ranges with Doc Martens, Margaret Howell, Louis Vuitton and the Royal College of Art.

2017-18 was also a successful year for Tate Catering, which, with an 8.5% net profit, delivered a net contribution of £1,150,000 (£38,000 in 2016-17), over £1 million improvement on the results of the previous year. The appeal of the restaurants and cafés to audiences was demonstrated in an increase in conversion, up to 18.6% from 17% in the previous year. Like the shops, Tate's restaurants and cafés have also been part of the major digital transformation that Tate has seen this year, with the creation of online catering bundles, tied to the paid exhibition schedule resulting in strong sales.

In 2017-18 Tate Commercial generated a net contribution of £3,327,000 (£1,472,000 in 2016-17) from events, education and media services, including £1,024,167 (£nil in 2016-17) from the first year of operating the Corporate Membership scheme in Tate Enterprises Limited. These results represent the highest ever return in the history of event hire and Corporate Membership at Tate.

The figures below are taken from Tate Enterprises Limited's accounts (note 11):

	<b>2018</b>	2017
	<b>£000</b>	£000
Fixed assets	<b>717</b>	726
Current assets	<b>16,166</b>	11,303
Current liabilities	<b>(14,035)</b>	(9,057)
Net assets	<b>2,848</b>	2,972
Capital and reserves	<b>2,848</b>	2,972
	<b>2,848</b>	2,972
	<b>2018</b>	2017
	<b>£000</b>	£000
Turnover	<b>40,985</b>	35,068
Cost of sales	<b>(14,043)</b>	(12,758)
Gross profit	<b>26,942</b>	22,310
Other income	–	5
Administrative expenses	<b>(20,245)</b>	(19,498)
Trading profit	<b>6,697</b>	2,817
Interest receivable	<b>2</b>	2
Net contribution	<b>6,699</b>	2,819

### 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.

Tate Members are among Tate's closest supporters and this year Tate is delighted that the scheme celebrated its 60<sup>th</sup> year. The scheme has gone from strength to strength with numbers of memberships this year exceeding 140,000. Sales were particularly strong around major exhibitions, such as *David Hockney*.

Over £3 million of funding was raised for Tate programmes from private sources. Supporter circles were established for a number of exhibitions, projects and displays including *Rachel Whiteread*, *Giacometti*, *Picasso 1932*, *Modigliani*, *Fahrelnissa Zeid*, *All Too Human*, *Home for Christmas* and Tate Modern's Turbine Hall Commission, *Superflex*. Through creating the Giacometti Supporters Circle, the team raised over £200,000 towards the exhibition, as well as funding in partnership with the Alberto and Annette Giacometti Foundation in Paris towards the restoration of the pieces *Femmes de Venise*, brought together for the first time since they were made in 1956. Significant funding was also obtained from the Terra Foundation and Ford Foundation for *Soul of a Nation* and continued support for Tate's public programmes was secured from the J Isaacs Charitable Trust.

In addition to the public subsidy received from Government via Grant in Aid, Tate is also grateful for support from the public sector for specific projects, particularly those with national reach. Over £3.7 million of public sector funding was raised this year. Arts Council England continued support for ARTIST ROOMS, British Art Network and Tate Exchange and the Heritage Lottery Fund continued its support for *Aspire* and *Le Passeur*. At the same time, the Transforming Tate Britain capital project, which included grants from the Heritage Lottery Fund of £3 million, concluded in September 2017 with the completion of the Archives and Access project, delivered with £1.9 million of funding. Further public support for capital projects included a total of £10.5 million for the Tate St Ives capital campaign from Arts Council England, the Heritage Lottery Fund and Coastal Communities Fund.

Tate received several legacy pledges and cash legacy gifts in 2017-18, helping to secure and strengthen its long-term future. These included generous gifts from the estate of Anthony Zambra, the estate of Michael Stoddart and the estate of J A Murray. Meanwhile, Tate's honorary Legacy Group, the 1897 Circle, welcomed another member this year bringing the total up to 57 members. Tate is grateful to everyone who has pledged a future bequest to Tate and to Legacy Ambassadors, David and Jenny Tate, and their unflinching dedication to the organisation.

Tate's supporters come from around the world and the International Council currently has 148 members. These come from 26 countries including Bangladesh, Brazil, Nigeria and South Korea and this year the International Council has kindly supported *The EY Exhibition: Picasso 1932, Joan Jonas, Christian Marclay's The Clock*, which will show in 2018-19 at Tate Modern, *Rachel Whiteread* and *All Too Human: Bacon, Freud and a Century of Painting Life*. Tate Patrons are also generous supporters and this year have championed Tate Exchange at a high level allowing the programme to expand for a second phase, as well as supporting major shows including *Queer British Art* at Tate Britain and *Soul of a Nation* at Tate Modern and supporting archive projects.

As well as remaining a major part of Tate's income, corporate support has enabled Tate to provide new experiences for audiences. Bloomberg has supported Tate Modern in the development of cutting-edge digital interpretation tools since the gallery opened in 2000. Since its launch at Tate Modern in September 2013, Bloomberg Connects has become a global brand and overarching identity for all of Bloomberg's digital support worldwide. This year, this was developed further with the Tate App officially launched in all four Tate Galleries with content and tours that better enable the visitor to engage with Tate's Collection. In all, Bloomberg supported projects that engaged approximately 14.6 million visitors annually both online and onsite across all four Tate galleries.

A significant, eleven-year partnership with Hyundai Motor supports *The Hyundai Commission*, a series of site-specific installations by contemporary artists in the Turbine Hall. This year saw the conclusion of the 2016: *Hyundai Commission Philippe Parreno: Anywhen* and the run of the 2017: *Hyundai Commission: Superflex: One Two Three Swing!* from October 2017 to April 2018. In February, Tania Bruguera was announced as the artist for the fourth Commission.

## Completing the capital programmes

With Tate Modern complete, the focus this year has been on Tate St Ives. The new Tate St Ives has been described in detail above, but the project should be mentioned as an achievement in its own right. It saw two major undertakings that took four years in total: first, the refurbishment of the original gallery and second, the creation of the new extension with construction on every level of the building. The result is 'one of Britain's most beautiful galleries' (The Telegraph), successfully embedded and reflective of its location in St Ives. The project was a unique partnership between Evans & Shalev, the original architects and Jamie Fobert Architects, who together elegantly integrated the original gallery with new spaces.

After the opening of the gallery in October, the roof of the Barbara Hepworth Museum was replaced. This was critical work and essential in maintaining the only artist's studio in Tate's care and a public display of the environments in which one of the UK's greatest artists lived and worked. The museum was reopened on 26 March 2018, in time for Easter. During the closure period the greenhouse and workshop roofs were also replaced, providing a thorough refresh of the property. A complete redecoration of both internal and external spaces, as well as some improvements to the garden, meant that the closure period was put to maximum use. Tate is very grateful to the Hepworth Estate for the generous support towards this work.

## Welcoming broad and diverse audiences

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.

Two shows in particular allowed Tate to focus on attracting younger, BAME and LGBTQ+ audiences. *Soul of a Nation* at Tate Modern, attracted 57% of visitors under-35 compared to typically 37% and 38% BAME audiences, more than double what is usually expected for paying exhibitions at Tate Modern. At Tate Britain, *Queer British Art* attracted an LGBTQ+ audience of 60%. Each had been programmed with a specific intention to reach different audiences and this ran from conception. Research demonstrated that each show also had appeal across society and contributed to positive perceptions of Tate overall. *Queer British Art* gave new relevance to Tate Britain, with visitors reporting a positive image of the gallery as 'openminded' and 'current'. Visitors to *Soul of a Nation* welcomed a show that catered for a multicultural audience.

Tate Liverpool has consistently been at the forefront of Tate's efforts to attract new audiences and this year has strengthened partnerships with all of the major Universities and Colleges in Merseyside. The gallery's young audience has grown and 16 to 18 year olds now make up 20% of the total visitors. In its first full year, 253,282 people visited the gallery's Tate Exchange space, experiencing participatory workshops, performances and debates to explore new ways of thinking about art and its value to society.

At Tate St Ives, the extension to the gallery depended upon working with local audiences and a commitment to those around the gallery, including open and honest dialogue responding to the aspirations and concerns of the people of St Ives. Two years of consultation, followed by nine years of working with a community liaison

group and other stakeholders, has ensured that the gallery puts the local community at the forefront of its concern, culminating in the introduction of the St Ives Locals' Pass. This has already proved popular, with 7,000 selling from 14 October 2017 up to 31 March 2018.

Over several years, work undertaken by the learning team has done much to introduce new audiences to Tate. Specific learning projects are described in detail below. From the wider perspective of audience development, the audiences team, membership, learning and others worked this year to develop a new scheme, *Tate Collective*, the first free-to-join membership scheme for 16 to 25 year olds at a national UK museum and is open to people anywhere in the world to join online. Those who do so can see any Tate exhibitions for £5 and also get discounts in Tate's cafés and shops.

## Creating rewarding experiences for visitors

Tate seeks consistently to augment the experience that it offers to visitors. During *Modigliani* at Tate Modern, for instance, visitors could explore the artist's studio in Paris in *The Ochre Atelier*, a virtual reality recreation in partnership with HTC Vive in which it was possible to walk through the space, focusing on particular aspects that opened further information. The scene was meticulously researched from first-hand accounts from the artist's friends and even showed the remains of what he had for lunch.

The galleries were also activated through more traditional means, quite literally in the case of Tate Britain's Christmas Commission by Artist Alan Kane. The portico of the gallery on Millbank was festooned with fairy lights and illuminated Christmas baubles in December, a tribute to extraordinary, everyday creative expression. Rather than opening the commission with a conventional reception, those living around the gallery, its neighbours, were invited for a mince pie and mulled wine as the lights were turned on.

One of the most significant developments for visitors this year has been behind the scenes, with the development of a greatly-enhanced experience for audiences and customers online. Thanks to the work of many teams across Tate, and particularly those in the technology and digital teams, visitors can now buy tickets and products, or book a meal in a restaurant all in one go. They can also do so on the move with the implementation of mobile ticketing. This required a major upgrade of Tate's existing capabilities in digital commerce and implemented a system fit for the purpose of a modern museum and major attraction.

## Inspiring learning and research

*Circuit* the four-year project involving those aged under 25, supported by Paul Hamlyn Foundation, concluded in 2017. It has left a legacy in both the research it produced and the engagement of over 175,000 people from this age group. This legacy will inform how Tate works with the next generation and has already done so through the announcement of Tate Collective.

*Circuit* was led by Tate across six Plus Tate partner galleries in England and Wales. The average age of participants was 22 and around a quarter were of BAME origin. They led on devising and planning events and festivals and have been involved in evaluation, marketing, making art and public speaking. Those taking part cited the greatest benefits as increasing their understanding and enjoyment of art, expanding their own networks, improving work experience skills, exploring new ways of thinking and raising self-confidence.

Late at Tate Britain events are well-established at the gallery, drawing in a young audience and they regularly attract around 3,500 people to each event. In 2017-18, Uniqlo Tate Lates at Tate Modern, aimed at those under 35, attracted 123,000 over the year with 200 artists and over 90 DJs taking part. At Tate Liverpool, evening events for those under 25, such as the Roy Lichtenstein pop art party, welcomed around 1,200 people and similar events at Tate St Ives, including the *Circuit* festival, have proved popular.

In the Learning department more widely, 2017-18 has been one of Tate's most successful years to date for engaging families. Among the projects was an art and technology festival at Tate Britain aimed primarily at local families, a *Diggin' the Gallery* adventure for children with special needs and *Blast Off! Stories* at which around 3,800 people wrote and shared their own stories.

To support schools in London's boroughs, it was announced that ASSEMBLY would become an annual event. The first ASSEMBLY saw schoolchildren from across the country invited to the opening of Tate Modern in 2016-17. This year's event saw a morning of exclusive access in the Blavatnik Building and Turbine Hall for 1,500 pupils. Close working with schools continues at Tate Liverpool through the Liverpool Cultural Education Partnership, which has delivered in excess of 25 cultural experiences for every child in the region. Similarly, the gallery's involvement with *My Primary School is at the Museum* showed that children's immersion in the gallery led to a growing enthusiasm for the opportunities that culture can offer.

The Learning team has also provided opportunities for adults and those considering careers in the arts. This year a pilot careers fair called *Routes In* was convened at Tate Modern. It was attended by 1,500 people, mainly 18 to 22 year-olds and will be repeated annually. At Tate Britain, *(un)common space* was launched in the learning studio at Tate Britain. It is a co-working space for young artists, where visiting public and Tate colleagues can drop in to relax, socialise and work in a more informal environment, with Wi-Fi, tables, sofas, plugs, books to browse and free tea and coffee. It aims to connect artists under the age of thirty from under-represented backgrounds to Tate's staff and Collection.

Tate Exchange, now in its second year, continues to invite different communities to test ideas. This year the theme of 'production' was the springboard for projects by over 60 external associates across Tate Modern and Tate Liverpool. *FACTORY* was devised by artist Clare Twomey who transformed the Tate Exchange space with a 30-metre work bench, eight tonnes of clay, a wall of drying racks, over 2,000 fired clay objects and a frenzy of factory-like production. Almost 5,000 visitors took part in producing objects in clay over two weeks, a measure of the growing awareness and impact of Tate Exchange. Throughout the year, a wide range of Tate Exchange Associate organisations, not necessarily from the arts, contributed their own perspectives.

Research contributes to many of Tate's successes and this year was no different, with the innovative conservation of Roy Lichtenstein's *Whaam!* mentioned above being a prime example. Looking forward, a similar contribution will be made in the area of collection care thanks to the grant this year of a major \$1.5 million from the Andrew W Mellon Foundation. The award is the largest single research grant made to Tate and is for a three-and-a-half-year period from January 2018. Tate was the first museum to collect live and performance art and the first to recognise the need to develop time-based media conservation. The ways in which artists are working today mean Tate must deepen its expertise and look at how museums need to change. The initiative, *Reshaping the Collectible: When Artworks Live in the Museum*, builds on this and will be grounded in six case studies drawn from works in the Tate Collection. These challenge the boundaries between artwork, record and archive and rely on complex networks of people, skills and technologies outside of the gallery.

## Promoting digital growth and engagement

In 2017-18, the website broke the records set the year before, with audience increasing 14% to over 17 million.

The digital transformation project required a good deal of work that would, apart from this report, go unseen, with the digital team migrating large amounts of content to responsive pages and optimising the website for mobile users. The result was an increase in the share of traffic from mobile devices from 13% to 36%. The session bounce rates for these device types have also decreased and the share of visits from organic search has also increased. This and other digital initiatives contribute to Tate's overall commitment to inclusivity and the changes implemented saw an increase in users from overseas, taking an additional 2% share of the traffic.

2017-18 was also a very strong year for Tate's social media channels, with a 29% increase in followers on Twitter and a 38% increase in followers on Instagram, a platform that enables deep engagement with visual material and has resulted in click-throughs to exhibition tickets and other of Tate's content. While Facebook, Twitter and Pinterest continue to account for the highest share of referral traffic, Tate also saw large increases in other traffic channels, including DuckDuckGo Search and Ecosia.

Tate's YouTube channel also performed well, with a 36% increase in views. The two Yayoi Kusama videos continue to take the top slots, with the Restoring Rothko and David Salle videos also proving popular. The most popular videos on the Tate website are trailers and 'introductions to', each focused on enhancing the accessibility of art collaboration with curatorial and learning colleagues, which has seen the Art section of the website grow in popularity, including the Art Terms glossary.

E-commerce is becoming an increasingly important contributor to Tate's financial model and had another strong year with revenue up 21%, driven by a 43% increase in memberships and a 112% increase in patronages and donations. The Tate online shop performed well again in 2017-18, breaking through the £1.2 million mark in revenues.

## Developing and nurturing UK and global partnerships

In 2017-18 1,510 works were lent from Tate's Collection, 947 of which went to UK venues. This was an 85% increase in loans to venues on UK shores. In addition, many of Tate's major shows have been created with, or tour to, partner galleries, for instance, after showing at Tate Britain, *David Hockney* toured to the Pompidou Centre in Paris and the Museum of Modern Art in New York and Tate Modern's *Picasso 1932* was a collaboration with the Musée national Picasso-Paris.

In recent years, Tate has collaborated with UK partners on major acquisitions and these have enabled masterpieces to tour throughout the country. This year, *Constable's Salisbury Cathedral from the Meadows* went to the Scottish National Gallery in Edinburgh as part of the Aspire programme, where it was paired with William



McTaggart's *The Storm* 1890. This led to an exploration of Constable's influence on the artist widely known as the 'father of Scottish Painting' and the pairing was seen by over 700,000 people. *Salisbury Cathedral* has now returned to Tate Britain for the final leg of a five-year journey round the UK.

Another major acquisition, William Stott of Oldham's *Le Passeur (The Ferryman)* 1881 entered the Collection in 2017, purchased with funds provided by the Heritage Lottery Fund, Art Fund (with a contribution from the Wolfson Foundation) and The Hintze Family Charitable Foundation. This work of early British Impressionism has been the subject of a dedicated Spotlight Display at Tate Britain and then, through The Ferryman Partnership Programme, it has toured to Oriol y Parc in St David's and will tour to Southampton City Art Gallery, Gallery Oldham and Aberdeen Art Gallery thanks to funding from National Lottery players through the Heritage Lottery Fund, the John Ellerman Foundation and Art Fund. An important aspect of the touring partnership is the training of around 100 museum and gallery professionals in skills related to sharing artworks, led by Tate registrars.

Plus Tate, the network of 35 UK visual arts organisations, has been in operation since 2010. Five partners collaborated this year on *NOW: A dialogue on female Chinese Contemporary Artists* to show a diverse range of art and new commissions from some of the most exciting women artists currently working in China. *NOW* was led by the Centre for Chinese Contemporary Art, a Plus Tate partner and a related symposium was convened by Tate Research Centre: Asia.

Works from ARTIST ROOMS, another major touring programme, have been seen at 79 venues in 165 presentations across the UK since 2009. There have been impressive visitor figures at associate venues with several attracting over 160,000 visitors to their shows. Since the new era of the tour began in late 2016, 670,000 people have seen an ARTIST ROOMS exhibition beyond Tate and National Galleries of Scotland. This year, it was announced that the donor of ARTIST ROOMS had stepped down as both ex-officio curator and also as a member of the board of the Artist Rooms Foundation.

In 2017, the Turner Prize was awarded to Lubaina Himid for her vibrant and politically-driven work. The Turner Prize exhibition was held at the Ferens Art Gallery in Hull as a highlight of its City of Culture year and the winner announcement was made in Hull Minster, in partnership with Tate and Hull UK City of Culture 2017. The prize was presented by DJ, producer and artist Goldie during a live broadcast on the BBC.

Specially-curated iterations of an exhibition of nude masterpieces from the Collection went to New Zealand, Korea and Japan, seen by over 200,000 people. This was the first time a Tate Collection exhibition has been presented in Korea. This show has now opened at the Yokohama Museum of Art in Japan and an iteration of it was presented in New Zealand earlier in the year, the first Tate Collection exhibition in New Zealand for over a decade. In Europe, new partnerships were cemented with institutions in Denmark and Spain. *Bacon, Freud, and the London Painters* was the first Tate Collection exhibition to go to Denmark where it was seen at ARoS Aarhus Kunstmuseum by almost 170,000 visitors. It also went to the Museo Picasso in Malaga and has now been re-imagined as *All Too Human*, shown later in the year at Tate Britain. Works by Turner toured again, this time to Rome, in the exhibition *Turner: Works from Tate*.

## Developing the people and culture of Tate

The organisation's focus on dignity and respect continued this year with the completion of the inclusive leadership programme for all staff. Tate was also delighted to be placed in the top 100 of the Stonewall Workplace Equality Index 2018 for the second year running, with an improved ranking of 67, up from 89 last year. Tate is the highest placed museum and gallery on the list. For the first time, Tate published a diversity profile online. Doing so on an annual basis is one of the objectives in the current Tate for All Diversity and Inclusion strategy.

A staff survey was undertaken, the results of which will inform workforce development throughout 2018-19. This examined the experience for working at Tate and gave valuable information about improvements that can be made. It was fed back to all staff in sessions in the early part of 2018.

None of Tate's activity would be possible without its dedicated and expert workforce who work tirelessly to deliver Tate's programmes and activities and to meet its business objectives. Tate is also grateful to its 300 volunteers who provide a warm welcome for the public in the galleries and invaluable additional support behind the scenes.

## 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 opening of the new buildings at Tate Modern in 2016 and Tate St Ives in 2017, Tate's buildings continue to incorporate the latest technologies in consideration of a sustainable future.

In 2016 Tate was awarded a gold Green Apple Award for sustainability achievements. Tate restaurants are part of the Sustainable Restaurant association working towards a wide array of sustainability challenges that are often overlooked. Going forward, Tate is embarking on reducing overall single-use plastic within the catering areas, including joining the 'war on straws campaign' and will be the first organisation within Better Bankside to join the 'water refill' campaign.

### 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 emissions for Scopes 1 and 2 have reduced by 29% since the baseline year. A number of energy-saving interventions 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 2016-17. 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 24% lower than the baseline year (2013-14).

Scope 3 emissions from water use have increased by 63% 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 22% since the base year, reflecting the savings made through a water and energy reduction programme.

Greenhouse gas emissions (tCO <sub>2</sub> e)		2014-15	2015-16	2016-17	2017-18	% change on base yr
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>1</sup>	Scope 1 & 2 emissions					
	Scope 1 <sup>2</sup>	3,083	3,084	3,420	<b>3,421</b>	(11)
	Scope 2	11,869	11,973	10,941	<b>9,206</b>	(33)
	Total Scope 1 & 2	14,952	15,057	14,361	<b>12,627</b>	(29)
	Total Scope 1 & 2 tCO <sub>2</sub> e per m <sup>2</sup>	0.154	0.160	0.122	<b>0.107</b>	(41)
	Scope 3 emissions					
	Business travel <sup>3</sup>	783	777	907	<b>740<sup>4</sup></b>	(24)
	Water use <sup>5</sup>	71	142	200	<b>191</b>	63
	Electricity transmission & distribution	1,015	989	990	<b>861</b>	(22)
	Total Scope 3	1,869	1,908	2,097	<b>1,791</b>	(18)
	Total Scope 1-3	16,821	16,965	16,458	<b>14,418</b>	(32)
Energy use (million kWh)	Electricity, non-renewable <sup>6</sup>	22.7	22.0	22.2	<b>21.9</b>	(22)
	Electricity, renewable <sup>7</sup>	3.9	3.9	4.4	<b>4.3</b>	-
	Total electricity	26.6	25.9	26.6	<b>26.2</b>	(6)
	Gas	16.7	16.3	18.6	<b>18.6</b>	11
	Total kWh per visitor	5.5	6.4	5.3	<b>5.6</b>	(3)
Expenditure (£000)	Energy	3,037	3,025	3,032	<b>3,070</b>	35
	Carbon Reduction Commitment	272	266	242	<b>257</b>	36
	Business travel	721	620	741	<b>680</b>	(8)

<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

## Waste and finite resources

During 2017-18 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. Tate Liverpool has also introduced a full recycling service and Tate St Ives will be implementing a full recycling offering in the coming year. Tate's commitment to reduce waste to landfill is evident with no waste going to landfill. Overall production of waste has decreased by 15% from the baseline year due to a significant increase in waste being recycled/reused, composted (via anaerobic digestion) and also sent to energy from waste.

Despite having the additional waste from the new buildings at Tate Modern and Tate St Ives, Tate has managed to reduce its overall waste levels due to the waste minimisation and reuse schemes that are in place. Waste costs have increased by 45% since the baseline year, mainly due to the addition of different waste streams together with the opening of the new buildings and the overall increase in waste costs and tax levies. The Tate waste cost minimisation and resource programme will continue to seek savings in the years ahead.

Water use under Scope 2 (Finite Resource Consumption) is up 63% from the baseline year due to the water abstraction for boreholes for the cooling system at Tate Modern.

<b>Finite resources: Waste</b>		2014-15	2015-16	2016-17	<b>2017-18</b>	% change on base yr
Waste (tonnes)	Landfilled	14	9	1	<b>0</b>	(100)
	Reused/recycled	510	448	771	<b>569</b>	227
	ICT waste reused/recycled	5	6	1	<b>4</b>	250
	Composted <sup>8</sup>	106	206	252	<b>267</b>	299
	Energy from waste	303	282	278	<b>363</b>	167
	Incineration without energy recovery	0	0	0	<b>0</b>	-
	<b>Total waste<sup>9</sup></b>	<b>938</b>	<b>951</b>	<b>1,303</b>	<b>1,203</b>	(15)
Total waste tonnes/m <sup>2</sup>		0.0097	0.0110	0.0119	<b>0.0109</b>	(23)
Spend (£000)	Landfilled	12	4	0	<b>0</b>	(100)
	Reused/recycled	49	54	86	<b>87</b>	56
	ICT waste reused/recycled	N/A	N/A	N/A	<b>N/A</b>	-
	Composted	20	47	35	<b>40</b>	183
	Energy from waste	45	44	42	<b>54</b>	43
	Incineration without energy recovery	0	0	0	<b>0</b>	-
	<b>Total waste</b>	<b>126</b>	<b>149</b>	<b>163</b>	<b>181</b>	45
<b>Finite resources: Water</b>		2014-15	2015-16	2016-17	<b>2017-18</b>	% change on base yr
Water use (m <sup>3</sup> )	Total scope 1 & 2	72,522	144,820	190,495	<b>181,224</b>	63
	Scope 2 m <sup>3</sup> per m <sup>2</sup>	0.84	1.54	1.62	<b>1.54</b>	20
	Total scope 2 litres per visitor	9.18	21.80	22.55	<b>22.71</b>	56
Expenditure (£000)	Water supply	124	172	205	<b>276</b>	80

## 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.

<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

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

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

## 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 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 2017-18 period fourteen exhibitions were shown at Tate containing works for which Immunity from Seizure was granted, covering 266 works; plus one loan to a Collection display, covering 267 works in total. The exhibitions are listed below.

<i>Giacometti</i>	10
<i>Ilya and Emilia Kabakov: Not Everyone Will Be Taken Into the Future</i>	15
<i>The EY Exhibition: Picasso 1932 – Love, Fame, Tragedy</i>	74
<i>Soul of a Nation: Art in the Age of Black Power</i>	43
<i>Amedeo Modigliani</i>	57
<i>Fahrelnissa Zeid</i>	4
<i>Red Star Over Russia: A Revolution in Visual Culture 1905–55</i>	3
<i>David Hockney</i>	17
<i>Rachel Whiteread</i>	5
<i>All Too Human: Bacon, Freud and a Century of Painting Life</i>	7
<i>Queer British Art 1861-1967</i>	2
<i>Impressionists in London: French Artists in Exile, 1870-1904</i>	12
<i>Portraying a Nation: Germany 1919–1933</i>	11
<i>Surrealism in Egypt: Art et Liberté 1938-1948</i>	6
<i>Expanded Painting (TM Collection Display)</i>	1

**TOTAL**

**267**

## 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 2018 000s</b>	Actual 2017 000s
<b>Access</b>		
Number of actual visits	<b>8,166</b>	8,448
Number of unique users visiting the website	<b>17,169</b>	15,030
<b>Audience profile</b>		
Number of visits by children under 16	<b>699</b>	591
Number of overseas visits	<b>3,883</b>	3,963
<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>181</b>	195
Number of instances of visitors under 18 participating in on-site organised activities	<b>1,200</b>	359
<b>Visitor satisfaction</b>		
Percentage of visitors who would recommend a visit	<b>93%</b>	98%
<b>Income generation</b>		
<b>Self-generated income</b>		
Admissions	<b>10,941</b>	8,205
Trading income	<b>38,606</b>	33,304
Fundraising (including capital)	<b>34,329</b>	50,482
Fees and other income	<b>10,914</b>	8,659
Donated works of art	<b>15,884</b>	20,995
	<b>110,674</b>	121,645
<b>Regional engagement</b>		
Number of UK loan venues	<b>149</b>	113

Visitor figures at Tate Modern were 5.7 million, slightly lower than in 2016-17 with 5.7 million visitors, in comparison to 6.4 million people in 2016-17. However, this was expected in the year following the opening of the Blavatnik Building, when the visitor pattern had become more established. Visitor figures at Tate Britain for 2017-18 were 1.5 million, a significant increase from 2016-17. *Hockney* achieved 477,000 visitors, making it the most successful exhibition ever to be held at Tate Britain. The refurbished Tate St Ives gallery reopened in March 2017, with the new extended galleries opening in October 2017. The new St Ives has been very successful in its opening year, achieving 213,000 visitors. Tate Liverpool had 643,000 visitors coming to visit the exhibitions and Collection displays in comparison to 636,000 in 2016-17. The number of unique users visiting the website has increased from 15 million to over 17 million after significant investment in the website and the digital platform project. The number of visitors under 18 participating in on-site organised activities has increased by 109,000. 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 the strong exhibition programme including *Hockney* at Tate Britain, admissions income has increased significantly in 2017-18, as well as secondary spend through catering and retail outlets. The decrease in fundraising income reflects the Tate Modern project being completed in 2016-17. The number of donated works of art varies from year to year and this year decreased by 24% over 2016-17. Significant works donated to Tate included *The Window* 1966-67 and *Lock* 1952, both by Sir Anthony Caro accepted by HM Government in lieu of Inheritance Tax from the collection of the late Sir Anthony Caro, offered from the estate of Lady Caro (Sheila Girling) and allocated to Tate 2017. In addition, *Painting 304 x 181 cm, 9 December 2007* 2007 by Pierre Soulages, presented by the artist in 2017 and *United States* 1975, by Susan Rothenberg, presented by the American Fund for the Tate Gallery in memory of Frank Rothman 2017.

## 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. This is as a result of tightly controlling costs, in addition to increased attendance from a strong exhibition programme, driving significantly increased admissions income, Membership income and secondary spend through Catering and Enterprises.

The consolidated statement of financial activities on page 42 shows total income and endowments of £149,186,000 (£162,295,000 in 2016-17). Of this amount £8,488,000 (£24,367,000 in 2016-17) was applied to the ongoing capital programme, £22,807,000 (£27,896,000 in 2016-17) to Collection acquisitions and £997,000 (£nil in 2016-17) to endowments. The remaining £116,894,000 (£110,032,000 in 2016-17) was taken to general funds to be applied to ongoing operations (see expenditure below).

Tate received £38,066,000 of Grant in Aid (£40,251,000 in 2016-17), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £35,626,000 (£35,851,000 in 2016-17);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,440,000 (£4,400,000 in 2016-17).

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £111,120,000 for the year (£122,044,000 in 2016-17).

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 £149,328,000 (£140,571,000 in 2016-17). Of this amount £34,585,000 (£36,562,000 in 2016-17) was applied to the ongoing capital programme, £59,000 (£55,000 in 2016-17) to Collection acquisitions and £114,684,000 (£103,954,000 in 2016-17) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £22,527,000 to the Collection (£27,438,000 in 2016-17). Of this figure, £15,884,000 has been donated by individuals either directly or in lieu of tax (£20,995,000 in 2016-17). 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 £1,633,877,000 (£1,622,379,000 in 2016-17) are:

	<b>2018</b>	2017
	<b>£000</b>	£000
Revaluation reserve	<b>656,535</b>	660,616
Capital reserves	<b>477,532</b>	487,969
Works of art reserves	<b>467,587</b>	445,134
General reserve	<b>17,475</b>	15,590
Endowment funds	<b>13,422</b>	12,433
Other restricted reserves	<b>1,326</b>	586
Other designated reserves	-	51
	<b>1,633,877</b>	1,622,379

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. The Trustees purchased the freehold of the Collection Store at Southwark on 31 March 1999.

Tate Modern was previously held under a finance lease however, during the year, Tate purchased the company (Tate Gallery Properties Limited) that owned the head lease to Tate Modern for £50,000. The freehold for Tate Modern has been transferred from Tate Gallery Projects Limited to Tate, whilst the lease structure has been collapsed and Tate Gallery Properties Limited has been struck off. At 31 March 2017, there were 85 years remaining on the lease and Tate held a creditor for obligations under this lease of £386,000, which has now been released as a result of the collapse of the lease structure. Further information is provided in note 20 to the accounts.

Additions to tangible fixed assets during the year of £8,153,000 (£22,189,000 in 2016-17) comprise £4,973,000 (£20,761,000 in 2016-17) in relation to buildings, assets under construction and leasehold improvements and £3,180,000 (£1,428,000 in 2016-17) on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £22,527,000 in the year (£27,438,000 in 2016-17) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £15,884,000 (£20,995,000 in 2016-17). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 10.

## 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

Following the theft of two works by JMW Turner while on display in Germany in 1995, Tate received £24 million of insurance proceeds. 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.

In January 2011, the fund was temporarily redesignated to assist with the cash-flow funding of the capital projects. In May 2018, Tate Trustees agreed to permanently designate the fund to the Tate Modern Project.

## Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2017-18 56% (67% in 2016-17) 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 £17,475,000 (£15,590,000 in 2016-17) equivalent to fourteen weeks' (fourteen weeks' in 2016-17) worth of charitable expenditure, excluding capital. It is the intention to reduce the general reserves back to the value of two months' worth of 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 3.6% (18.6% in 2016-17). At 31 March 2018, the investment fund was valued at £14,365,000 (£12,983,000 in 2016-17); historic cost £12,232,000 (£10,279,000 in 2016-17).

## Fundraising

Tate follows the regulation scheme established by the Fundraising Regulator and complies with the Code of Fundraising Practice.

## 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.

At the beginning of her tenure, Maria Balshaw set out her vision for Tate to be the most artistically adventurous and culturally inclusive global art museum. Connected internationally to partners and art centres across the world, with a global reputation that draws people to its galleries and, with willing international collaborators, takes its exhibitions across the globe. At the same time, it must be locally rooted and relevant to people in London, Liverpool and St Ives.

En route to achieving this and in advance of setting out a full plan in her second year, a transitional position was agreed by the Trustees, taking into account the developing position and major initiatives across the organisation and based on the objectives currently in place. The objectives that Tate will pursue in 2018-19 will therefore be to:

- champion art and artists;
- develop a sustainable operating model for the future;
- welcome broad and diverse audiences;
- create rewarding experiences for visitors;
- inspire learning and research;
- promote digital growth and engagement;
- develop and nurture UK and global partnerships; and
- 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 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 women 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:



- engage new and more diverse audiences with Tate;
  - 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;
- 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:

- the implementation of Tate Collective, the scheme to provide discounted access to younger audiences;
- 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 revenue fundraising and programme funding;
  - 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;
- 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 2017, 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. 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 Executive Group 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 Directors 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 2018.

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 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 2017-18, 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:

- removal of the risk regarding the transition of a new Director and new Chair of Trustees;
- removal of the risk regarding the consequences of the General Election.

The most significant risks are:

- ensuring that Tate has a sustainable operating and financial model in the medium to long term;
- failing to attract, retain and motivate staff who use their skills and knowledge to deliver Tate's objectives;
- declining technology infrastructure not fit for purpose;
- mitigating the threat of terrorism in public places, such as increased security and bag searches.

## Capital projects

Tate had one major capital project, Phase 2 of Tate St Ives, which completed the construction phase in 2017-18. The risks associated with finalising the project are delivering to budget and the final accounts are currently being reviewed. 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 range 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 the following staff networks: Tate Staff Council (a consultative body that brings together senior managers and 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 (LGBTQ+) 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 last survey was carried out in September 2017.

## Disability and access

Tate is committed to becoming a truly inclusive organisation with a workforce and audience that represents the communities it serves. This includes addressing barriers to access for those who are disabled so that opportunities to visit its galleries, participate in its programmes and work at Tate are open to everyone.

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. To support this, Tate has signed up to the Disability Confident Scheme. This year, two members of Tate staff took part in ACCELERATE 2018, a programme delivered by a consortium including the South Bank Centre, National Theatre and the Royal Opera House aimed at providing career development opportunities for staff from a Black, Asian and Minority Ethnic (BAME) background and/or those who identify as deaf or disabled.

In terms of audiences, over the last year Tate has been working in partnership with Vocal Eyes to deliver visual awareness training for visitor facing teams. In January Tate Liverpool was awarded a Visual Impairment Friendly Business Award by Henshaws Society for Blind People and signed the Autism Charter and committed to become an Autism champion as part a wider initiative across the city.

In March 2018, Tate employed 40 staff (36 in March 2017) 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 6.9 in 2017-18 (7.0 in 2016-17).

### 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 were no significant incidents during the year.

### Social policy and wider public benefit

Tate aims to serve as wide a public and be as inclusive as possible. This year, both *Soul of a Nation* and *Queer British Art* represented a commitment to plan, programme and communicate shows in a different way. This has included involving specific groups and voices in shaping and developing shows and communicating through particular media.

Tate's work with younger audiences has led to further innovation. Tate Collective, the scheme for 16-25 year olds, not only responds to particular needs reported by that age group in relation to the cost of attending exhibitions, but also involves them in the creation of content. This is critical to Tate's social policy: rather than speaking to different social groups, it seeks to provide a platform for them to express their views and ideas.

Signed

*Maria Balshaw* 4 July 2018

Director, Tate

Signed

*Lionel Barber* 4 July 2018

Chairman, Tate

# 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: Lionel Barber (Chair), Mala Gaonkar (until January 2018), Tim Davie and Stephen Witherford.

## 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 (FRM) paragraph 5.3.1, 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 2017-18.

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 her salary. The Managing Director is eligible to receive a contractual bonus of £25,000. Both are paid annually in arrears.

Salary entitlements		<b>2017-18</b>	2016-17
		<b>£</b>	<b>£</b>
Sir Nicholas Serota, Director	a	<b>213,480</b>	199,797
Maria Balshaw, Director	b	<b>189,750</b>	–
Kerstin Mogull, Managing Director	c	<b>182,470</b>	179,838
Caroline Collier, Director, Partnerships and Programmes		<b>101,700</b>	100,000
Alex Farquharson, Director, Tate Britain		<b>96,615</b>	91,776
Frances Morris, Director, Tate Modern		<b>127,125</b>	115,000

a Until May 2017; includes a non-consolidated performance-related bonus of £27,845 (2016-17: £21,717);

b From June 2017;

c Includes a non-consolidated performance-related bonus of £25,000 (2016-17: £25,000).

The salary entitlements above represent one full year contractual salary including bonus entitlements. The actual amounts paid are disclosed in the following table.

	2017-18				2016-17					
	Salary (excluding non-consolidated performance-related pay) £000	Non-consolidated performance pay <sup>e</sup> £000	Benefits-in-kind £000	Pension benefits <sup>d</sup> (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non-consolidated performance pay) £000	Non-consolidated performance pay £000	Benefits-in-kind £000	Pension benefits (to the nearest £1,000) remuneration £000	Total remuneration £000
Sir Nicholas Serota, Director	70-75	30	Nil	-	100-105	175-180	22	Nil	-	195-200
Maria Balshaw, Director	135-140	-	Nil	34	170-175	-	-	Nil	-	-
Kerstin Mogull, Managing Director	155-160	25	Nil	39	220-225	150-155	25	Nil	38	215-220
Caroline Collier, Director, Partnerships and Programmes	100-105	-	Nil	25	125-130	95-100	-	Nil	24	120-125
Alex Farquharson, Director, Tate Britain	95-100	-	Nil	24	120-125	90-95	-	Nil	22	110-115
Frances Morris, Director, Tate Modern	125-130	-	Nil	31	155-160	110-115	-	Nil	28	140-145
Band of highest-paid director's remuneration		210,000-215,000					195,000-200,000			
Median remuneration		26,374					26,520			
Ratio		8.1					7.5			

<sup>d</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.

<sup>e</sup>The Director's bonus consists of £22,260 relating to 2016-17 and £7,801 relating to 2017-18.

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 2017-18 was £210,000-215,000 (2016-17 £195,000-200,000). This was 8.1 times (2016-17 7.5) the median remuneration of the workforce, which was £26,374 (2016-17 £26,520). In 2017-18, no employees (2016-17 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.

	Accrued pension at end date at 31 March 2018 £	Real increase / (decrease) in pension at end date £	CETV at 31 March 2018 £	CETV at 31 March 2017 or start date £	Real increase / (decrease) in CETV £
Maria Balshaw, Director					
Pension	42,505	42,505	453,000	-	20,000
Lump sum					
Kerstin Mogull, Managing Director					
Pension	15,094	3,653	204,000	151,000	35,000
Lump sum					
Caroline Collier, Director, Partnerships and Programmes					
Pension	20,972	1,449	396,965	366,553	19,945
Lump sum					
Alex Farquharson, Director, Tate Britain					
Pension	5,140	2,241	54,000	29,000	16,000
Lump sum					
Frances Morris, Director, Tate Modern					
Pension	48,460	4,788	1,117,000	951,000	101,000
Lump sum	145,380	14,363			

Maria Balshaw, Kerstin Mogull, Alex Farquharson and Frances Morris are all members of the Civil Service defined benefit pensions scheme. Maria Balshaw and Kerstin Mogull contributed 8.05% and Alex Farquharson and Frances Morris contributed 7.35% of their annual salary, subject to the relevant capped limit, to their pensions.

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 2018, for more than £245 per day and that last for longer than six months**

Number of existing engagements as of 31 March 2018	4
<b>Of which</b>	
Number that have existed for less than one year at time of reporting	none
Number that have existed for between one and two years at time of reporting	3
Number that have existed for between two and three years at time of reporting	1
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 2017 and 31 March 2018, for more than £245 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 2017 and 31 March 2018	2
<b>Of which</b>	
Number assessed as caught by IR35	none
Number assessed as not caught by IR35	2
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	none
Number of engagements reassessed for consistency / assurance purposes during the year	2
Number of engagements that saw a change to IR35 status following the consistency review	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 2017 and 31 March 2018**

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	3
<i>In any cases where individuals are included within the first row of this table the department should set out:</i>	N/A
<ul style="list-style-type: none"> <li>■ details of the exceptional circumstances that led to each of these engagements.</li> <li>■ details of the length of time each of these exceptional engagements lasted.</li> </ul>	



## Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) regulations 2017, all entities are required to present information on trade union facility time in their organisations. Facility time is paid time off for union representatives to carry out trade union activities.

### Table 1: Relevant union officials

Number of employees who were relevant union officials during the relevant period	17
Full-time equivalent employee number	13.1

### Table 2: Percentage of time spent on facility time

<i>Percentage of time</i>	<i>Number of employees</i>
0%	3
1-50%	14
51%-99%	0
100%	0

### Table 3: Percentage of pay bill spent on facility time

Pay spent on facility time	£8,879
Total pay bill (wages + ER NI +ER Pension)	£33,440,417
Percentage of facility time against total pay bill	0.03%

### Table 4: Paid union activities

Paid union activities	0%
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Signed

*Maria Balshaw* 4 July 2018

Director, Tate

Signed

*Lionel Barber* 4 July 2018

Chairman, Tate

# 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 Digital, 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. The Accounting Officer and Trustees confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and have taken personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Signed

*Maria Balshaw* 4 July 2018

Director, Tate

Signed

*Lionel Barber* 4 July 2018

Chairman, Tate

\* a copy of which is available from: The Accounting Officer, Tate, Millbank, London, SW1P 4RG

# Governance statement

## Introduction

Tate is an executive non-departmental public body (NDPB) sponsored by the Department for Digital, 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 Digital, Culture, Media and Sport for charity law purposes. Tate's management agreement for the period 2016-2020 sets out the broad governance framework within which Tate operates.

## 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, currently Maria Balshaw, 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.

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 (2017)* for the 2017-18 period.

## 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 for Public Appointments. 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 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 2017-18, Gareth Thomas, Lisa Milroy, the Lord Browne of Madingley and Mala Gaonkar retired from the Board and Michael Lynton, Roland Rudd and Jane Wilson were appointed as Trustees. Moya Greene replaced Lisa Milroy in January 2018 as Tate's liaison Trustee to the Board of Trustees of the National Gallery. At the end of the financial year, the process for recruiting a Financial Trustee replacing Mala Gaonkar was underway.

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

- The Lord Browne of Madingley (Chairman until 31 July 2017) – 2 of 2 meetings
- Lionel Barber (Trustee; Interim Chairman from 1 September 2017; Chairman from 21 March 2018) – 6 of 6 meetings
- John Akomfrah – 0 of 6 meetings
- Dexter Dalwood – 5 of 6 meetings
- Tim Davie – 5 of 6 meetings
- Jayne-Anne Gadhia – 6 of 6 meetings

- Mala Gaonkar – 4 of 5 meetings
- Moya Greene – 5 of 6 meetings
- Maja Hoffmann – 3 of 6 meetings
- Michael Lynton – 2 of 5 meetings
- Lisa Milroy – 1 of 2 meetings
- Seona Reid – 6 of 6 meetings
- Roland Rudd – 3 of 3 meetings
- Gareth Thomas – 1 of 1 meetings
- James Timpson – 5 of 6 meetings
- Jane Wilson – 0 of 0 meetings
- Stephen Witherford – 5 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 Trustees 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.

## Delegation of authority and matters reserved to the Board

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 all contracts over £2 million;
- acquisitions of artworks over £250,000 (acquisitions over £100,000 are delegated to Collection Committee);
- 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.

## Board business 2017-18

During 2017-18, the Board considered key strategic issues and routine business planning, including:

- the approval of a transitional budget and plan for the year 2018-19;
- business and finance: the Board regularly discussed current and forward budgets, management information and development of the forward business plan;
- business plans for the period 2018-19 for Tate Catering and Tate Enterprises;
- the Director's initial priorities;
- the strategy and business plan for Tate Members, including Tate Collective, Tate's scheme for 16-25 year olds;
- Tate's audience strategy, including the findings of the 2016-17 audience research; Tate for All: Tate's diversity and inclusion strategy;
- digital development with a focus on mobile, translation, e-commerce, audio, innovation (Modigliani VR project) and extensive expansion of social media activity;
- progress updates on the Tate St Ives capital development project and plans for the launch of the new gallery in October 2017;
- artistic programme frameworks: the frameworks within which exhibitions and displays are set for each site;
- policies: the Board approved Tate updated policies within the Board's policy framework including the health and safety policy, the acquisition and disposal policy, the policy for the care of Collections, the ethics policy and the donations policy.

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.

## Board effectiveness

Following his election in March 2018, the incoming Chairman discussed with each Trustee their views of the Board, its effectiveness and future development. This was to shape the early months of his tenure and in anticipation of a formal review to be undertaken in the autumn of 2018.

The Board has high standards in terms of the data it expects to receive to facilitate informed discussion and decision-making and support it in discharging its duties. Data and information provided consists of financial and non-financial performance measures. As a result of general discussions throughout the year, the Board continually considers the standard of this data in terms of quality, accuracy and timeliness. This is reinforced by internal audit.

During the board effectiveness review, Trustees indicated that they are satisfied that the quality of data they receive is sound and there are effective mechanisms in place to measure performance.

## 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.

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 director of the relevant site. Tate Members Council is advisory to the executive; it is chaired by an independent chair who meets with the Director annually and is attended by a Trustee member who reports to the Board following each meeting.

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 2017-18 was as follows:

- Lisa Milroy (Chair and Trustee until July 2017, co-opted Chair until October 2017) – 2 of 2 meetings
- John Akomfrah (Trustee, Chair from November 2017) – 2 of 4 meetings
- Briony Fer (co-opted member) – 4 of 4 meetings
- Maja Hoffmann (Trustee) – 0 of 4 meetings
- David Taylor (co-opted member) – 4 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 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 2017-18 was as follows:

- Mala Gaonkar (Trustee, Chair until January 2018) – 2 of 3 meetings
- Jayne-Anne Gadhia (Trustee, Chair from February 2018) – 1 of 1 meetings
- Lionel Barber (Trustee) – 1 of 4 meetings
- Raif Jacobs (co-opted member) – 4 of 4 meetings
- Laurie Fitch (co-opted member) – 4 of 4 meetings
- Moya Greene (Trustee) – 3 of 4 meetings
- Charles Roxburgh (co-opted member) – 3 of 4 meetings
- Stephen Witherford (Trustee) – 4 of 4 meetings

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

Remuneration Committee is constituted as a sub-committee of Governance and People Committee comprising its Trustee members and the Chair of Finance and Operations Committee. Remuneration Committee met in November 2017 to consider the performance and remuneration of the Director and senior management team as detailed in the remuneration report. Following the retirement of the Chairman and while the Board was considering his replacement, the meeting held in November 2017 was chaired by the Interim Chairman of the Board, Lionel Barber, and attended by two co-opted Trustees, Tim Davie and Stephen Witherford as well as the Chair of Finance and Operations Committee, Mala Gaonkar.

In 2017-18, Freedom of Information Appeals Committee considered business on paper only. Its members, Seona Reid (Chair, retired in May 2017), Jayne-Anne Gadhia (Chair, from May 2017) and Paul Jenkins (until January 2018) participated in discussion of all of the items considered.

## Highlights of Board committee reports 2017-18

During 2017-18, Audit Committee, Finance and Operations Committee, Collections Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

Audit Committee covered items of business including the risk register, business continuity planning, Trustee and senior staff registers of interest, insurance, internal audits including estates management and physical security, financial reserves and controls including controls in place to protect from bribery, corruption and fraud, compliance with the DCMS management agreement and new regulations, Tate's health and safety policy and information systems and data security, as well as scrutiny of the statutory accounts.

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, appointment of external contractors, management information, government spending controls and international partnerships.

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

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 examined specific areas of operation, including the donations and ethics policies.

Following the retirement as Trustees of all Governance and People Committee members in early 2017 as well as the Chairman of the Board in summer 2017, and while the Board was considering his replacement, nominations to the Board's committees and councils and other governance matters were considered by the Board.

## Subsidiary undertakings

The Board of Trustees of the Tate Gallery owns the whole of the issued share capital of Tate Enterprises Limited, Tate Gallery Publishing Limited and Tate Gallery Projects Limited. Further information is provided in note 11 to the financial statements.

## Associated charities

Tate has three associated charities: 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 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.

## Executive and Directors Groups

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.

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 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. Both groups are chaired by the Director, Maria Balshaw. Appropriate management structures have been created throughout the organisation to assist Tate's directors with overseeing their respective departments and areas of responsibility.

The directors serving in the period 2017-18 were:

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

Sir Nicholas Serota: Director, Tate (to 13 July 2017)\*

Anna Abbott: Director of Audiences

Anne Barlow: Artistic Director, Tate St Ives

Helen Beeckmans: Director of Communications

Polly Bidgood: Director of Development

Achim Borchardt-Hume: Director of Exhibitions, Tate Modern

Caroline Collier: Director, Partnerships and Programmes (to 30 June 2018)\*

Anna Cutler: Director of Learning and Research\*

Alex Farquharson: Director, Tate Britain\*

Ann Gallagher: Director of Collections, British Art

Rosemary Lynch: Director of Collection Care\*

Francesco Manacorda: Artistic Director, Tate Liverpool (to 25 August 2017)

Kerstin Mogull: Managing Director\*

Frances Morris: Director, Tate Modern\*

Gregor Muir: Director of Collections, International Art

Judith Nesbitt: Director of National and International Partnerships  
Marie Nipper: Interim Artistic Director, Tate Liverpool (from 11 September 2017 to 31 January 2018)  
Andrea Nixon: Executive Director, Tate Liverpool (to 31 May 2018)  
Mark Osterfield: Executive Director, Tate St Ives (to 30 June 2018)  
Cheryl Richardson: Director, Human Resources  
Stephen Wingfield: Director of Finance and Estates\*

\* indicates members of Executive Group. The Director of Learning and Research and Director of Collection Care joined Executive Group in January 2018 when the Director of Partnerships and Programmes stepped down.

Directors who have joined since 31 March 2018:

Nigel Randall, Director of Technology (from 23 April 2018)

## 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. 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.

## Significant incidents arising relevant to internal control

There were no significant incidents during the year.

## Whistleblowing arrangements

Tate is committed to the highest standards of openness, probity and accountability. It has a whistleblowing policy and procedures which are in line with the most recent Guidance and Code of Practice on Whistleblowing issued by the Department of Business Energy and Industrial Strategy. The policy was reviewed by Audit Committee and the Board of Trustees in November 2016 and was found to be fit for purpose. There have been no internal whistleblowing activities brought to management's attention in the period covered by this report.



## Matters of interest

Throughout the course of 2017-18, Tate has embarked upon a process of preparedness for the implementation of GDPR in May 2018.

Signed

*Maria Balshaw* 4 July 2018

Director and Accounting Officer, Tate

Signed

*Lionel Barber* 4 July 2018

Chairman, Tate

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Board of Trustees of the Tate Gallery for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the consolidated statement of financial activities, the consolidated and Tate balance sheets, the consolidated statement of cash flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the remuneration report that is described in that report as having been audited.

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 2018 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 regularity

In my opinion, in all material respects the income and expenditure 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Board of Trustees of the Tate Gallery and group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Trustees and Director

As explained more fully in the statement of Trustees' and Director's responsibilities, the Trustees and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Board of Trustees of the Tate Gallery's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Board of Trustees of the Tate Gallery's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## Other information

The Trustees and Director are responsible for the other information. The other information comprises information included in the annual report, foreword and remuneration report ('the Annual Report'), other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992;
- in the light of the knowledge and understanding of the group and the Board of Trustees of the Tate Gallery and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on 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** 13 July 2018

### **Comptroller and Auditor General**

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 2018

	Notes	Income and expenditure			Capital		
		2017-18	2017-18	2017-18	2017-18	2017-18	2017-18
		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		35,626	–	35,626	2,440	–	2,440
– Donated works of art		–	–	–	–	–	–
– Other donations and legacies		18,405	7,273	25,678	–	2,325	2,325
<i>Charitable activities</i>	4	16,578	–	16,578	–	–	–
<i>Other trading activities</i>	5						
– Trading income		34,066	–	34,066	3,388	–	3,388
– Other trading activities		4,723	–	4,723	–	–	–
<i>Investments</i>	6	23	9	32	–	–	–
<i>Other</i>		191	–	191	–	335	335
<b>Total</b>		<b>109,612</b>	<b>7,282</b>	<b>116,894</b>	<b>5,828</b>	<b>2,660</b>	<b>8,488</b>
<b>Expenditure on:</b>							
<i>Raising funds</i>	7						
Costs of raising donations and legacies		3,268	39	3,307	75	5	80
Fundraising trading: cost of goods sold and other costs							
– Trading costs		33,512	–	33,512	229	–	229
– Other costs of raising funds		7,282	118	7,400	65	5	70
Investment management costs		21	1	22	–	–	–
<i>Charitable activities</i>		63,453	6,799	70,252	3,691	30,515	34,206
<i>Other</i>		191	–	191	–	–	–
<b>Total</b>		<b>107,727</b>	<b>6,957</b>	<b>114,684</b>	<b>4,060</b>	<b>30,525</b>	<b>34,585</b>
Net gains/(losses) on investments	16	–	1	1	–	–	–
<b>Net income/(expenditure)</b>		<b>1,885</b>	<b>326</b>	<b>2,211</b>	<b>1,768</b>	<b>(27,865)</b>	<b>(26,097)</b>
Transfers between funds	16	–	7	7	–	(7)	(7)
<b>Other recognised gains/(losses):</b>							
Gain on revaluation of fixed assets	16	–	–	–	1,474	10,112	11,586
<b>Net movement in funds</b>		<b>1,885</b>	<b>333</b>	<b>2,218</b>	<b>3,242</b>	<b>(17,760)</b>	<b>(14,518)</b>
<b>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2017	16	15,590	38	15,628	33,142	1,115,443	1,148,585
<b>Funds carried forward at 31 March 2018</b>		<b>17,475</b>	<b>371</b>	<b>17,846</b>	<b>36,384</b>	<b>1,097,683</b>	<b>1,134,067</b>
<b>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2016		9,499	48	9,547	34,349	973,151	1,007,500
Net movement in funds		6,091	(10)	6,081	(1,207)	142,292	141,085
<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>

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.

The notes on pages 46 to 70 form part of the accounts

Collections			Total				
2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2016-17
Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
£000	£000	£000	£000	£000	£000	£000	£000
–	–	–	38,066	–	–	<b>38,066</b>	40,251
–	15,884	15,884	–	15,884	–	<b>15,884</b>	20,995
–	5,329	5,329	18,405	14,927	997	<b>34,329</b>	50,482
28	–	28	16,606	–	–	<b>16,606</b>	11,408
1,152	–	1,152	38,606	–	–	<b>38,606</b>	33,304
–	–	–	4,723	–	–	<b>4,723</b>	5,359
–	414	414	23	423	–	<b>446</b>	399
–	–	–	191	335	–	<b>526</b>	97
<b>1,180</b>	<b>21,627</b>	<b>22,807</b>	<b>116,620</b>	<b>31,569</b>	<b>997</b>	<b>149,186</b>	<b>162,295</b>
–	–	–	3,343	44	–	<b>3,387</b>	3,302
–	–	–	33,741	–	–	<b>33,741</b>	30,795
–	–	–	7,347	123	–	<b>7,470</b>	6,881
–	59	59	21	60	–	<b>81</b>	76
–	–	–	67,144	37,314	–	<b>104,458</b>	99,415
–	–	–	191	–	–	<b>191</b>	102
–	<b>59</b>	<b>59</b>	<b>111,787</b>	<b>37,541</b>	–	<b>149,328</b>	<b>140,571</b>
–	61	61	–	62	(8)	<b>54</b>	1,735
<b>1,180</b>	<b>21,629</b>	<b>22,809</b>	<b>4,833</b>	<b>(5,910)</b>	<b>989</b>	<b>(88)</b>	<b>23,459</b>
–	–	–	–	–	–	–	–
–	–	–	1,474	10,112	–	<b>11,586</b>	153,280
<b>1,180</b>	<b>21,629</b>	<b>22,809</b>	<b>6,307</b>	<b>4,202</b>	<b>989</b>	<b>11,498</b>	<b>176,739</b>
19,854	425,879	445,733	68,586	1,541,360	12,433	<b>1,622,379</b>	1,445,640
<b>21,034</b>	<b>447,508</b>	<b>468,542</b>	<b>74,893</b>	<b>1,545,562</b>	<b>13,422</b>	<b>1,633,877</b>	<b>1,622,379</b>
18,652	398,960	417,612	62,500	1,372,159	10,981	<b>1,445,640</b>	1,381,071
1,202	26,919	28,121	6,086	169,201	1,452	<b>176,739</b>	64,569
<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>

# Consolidated and Tate Balance Sheets at 31 March 2018

		Group		Tate	
	Notes	2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	9	<b>1,134,066</b>	1,148,963	<b>1,133,349</b>	1,148,237
Heritage assets	10	<b>467,151</b>	444,624	<b>467,151</b>	444,624
Investments	6	<b>14,365</b>	12,983	<b>16,860</b>	15,478
		<b>1,615,582</b>	1,606,570	<b>1,617,360</b>	1,608,339
<b>Current assets</b>					
Stocks	11	<b>4,089</b>	4,556	-	-
Debtors and prepayments	12	<b>12,345</b>	9,365	<b>18,393</b>	12,229
Cash and liquid resources	13	<b>24,935</b>	21,299	<b>15,410</b>	16,494
		<b>41,369</b>	35,220	<b>33,803</b>	28,723
<b>Creditors: amounts falling due within one year</b>	14	<b>(21,973)</b>	(18,817)	<b>(16,541)</b>	(14,571)
<b>Net current assets</b>		<b>19,396</b>	16,403	<b>17,262</b>	14,152
<b>Total assets less current liabilities</b>		<b>1,634,978</b>	1,622,973	<b>1,634,622</b>	1,622,491
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(1,101)</b>	(594)	<b>(1,101)</b>	(594)
<b>Total assets less liabilities</b>		<b>1,633,877</b>	1,622,379	<b>1,633,521</b>	1,621,897
Represented by:					
Restricted income reserves	16	<b>1,545,562</b>	1,541,360	<b>1,545,558</b>	1,541,354
Unrestricted reserves					
Designated	16	<b>57,418</b>	52,996	<b>56,700</b>	52,270
General	16	<b>17,475</b>	15,590	<b>17,841</b>	15,840
<b>Total funds</b>		<b>1,620,455</b>	1,609,946	<b>1,620,099</b>	1,609,464
Endowments	16	<b>13,422</b>	12,433	<b>13,422</b>	12,433
<b>Total funds</b>		<b>1,633,877</b>	1,622,379	<b>1,633,521</b>	1,621,897

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

Signed

*Maria Balshaw*  
Director, Tate

4 July 2018

Signed

*Lionel Barber*  
Chairman, Tate

4 July 2018

*The notes on pages 46 to 70 form part of the accounts*

# Consolidated Statement of Cash Flows for the year ended 31 March 2018

	<i>Notes</i>	<b>2018 £000</b>	2017 £000
<b><i>Cash flows from operating activities:</i></b>			
<b><i>Net cash provided by operating activities</i></b>	<i>18(i)</i>	<b>19,427</b>	31,895
<b><i>Cash flows from investing activities:</i></b>			
Dividends and interest		<b>446</b>	399
Proceeds from the sale of property, plant and equipment		–	–
Purchase of property, plant and equipment		<b>(14,909)</b>	(29,217)
Proceeds from sale of investments		<b>3,078</b>	2,105
Purchase of investments		<b>(4,406)</b>	(1,933)
<b><i>Net cash used in investing activities</i></b>		<b>(15,791)</b>	(28,646)
<b><i>Change in cash and cash equivalents in the reporting period</i></b>		<b>3,636</b>	3,249
<b><i>Cash and cash equivalents at the beginning of the reporting period</i></b>		<b>21,299</b>	18,050
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>		<b>24,935</b>	21,299

*The notes on pages 46 to 70 form part of the accounts*



# 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 Digital, 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

Tate's 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. As the staff holiday year is not coterminous with the financial year, holiday paid is accrued at year end.

### 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. Sponsorship also includes gifts in kind (barter) income relating to advertising services, with an equivalent amount recognised as an expense. The fair value is recognised as the amount that the charity would pay on the open market for an alternative item that would provide an equivalent benefit to Tate.

*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. This includes admissions income from exhibition tickets where the provision is based on the date the visit to the exhibition occurs.

**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); and the costs of maintaining the Collection (including conservation, art handling, photography and acquisitions-related expenditure).

*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. 15.0% of the Collection (74,287 works, excluding library and archive items) is recognised at a value on the balance sheet. For the remaining 85.0%, 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 holding was undertaken at 31 March 2017 by Deloitte, independent property consultants. An additional revaluation of St Ives, after the completion of the capital project, was undertaken at 31 March 2018, also by Deloitte. 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. Leasehold improvements are capitalised at cost and depreciated over the life of the building.

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. The useful economic lives of the tangible fixed assets are as follows:

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, based on the mid-market price. 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.

### **Operating leases**

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

### **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 2012. 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 and Tate Foundation under Gift Aid rules and no tax liability is expected for the year ended 31 March 2018.

### **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 2017

	Notes	Income and expenditure			Capital		
		2016-17 Unrestricted funds £000	2016-17 Restricted funds £000	2016-17 Total funds £000	2016-17 Unrestricted funds £000	2016-17 Restricted funds £000	2016-17 Total 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
– Donated works of art		–	–	–	–	–	–
– Other donations and legacies		18,328	7,060	25,388	1,600	18,163	19,763
<i>Charitable activities</i>	4	11,350	–	11,350	–	4	4
<i>Other trading activities</i>	5						
– Trading income		31,956	–	31,956	200	–	200
– Other trading activities		5,354	–	5,354	–	–	–
<i>Investments</i>	6	28	8	36	–	–	–
<i>Other</i>		97	–	97	–	–	–
<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>Expenditure on:</b>	7						
<i>Raising funds</i>							
Costs of raising donations and legacies		3,186	31	3,217	79	6	85
Fundraising trading: cost of goods sold and other costs							
– Trading costs		30,576	–	30,576	219	–	219
– Other costs of raising funds		6,253	569	6,822	55	4	59
Investment management costs		20	1	21	–	–	–
<i>Charitable activities</i>		56,736	6,480	63,216	7,100	29,099	36,199
<i>Other</i>		102	–	102	–	–	–
<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>
Net gains on investments	16	–	3	3	–	–	–
<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>
Transfers between funds	16	–	–	–	–	–	–
<b>Other recognised gains/(losses):</b>							
Gain on revaluation of fixed assets	16	–	–	–	46	153,234	153,280
<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>Reconciliation of funds:</b>							
Funds brought forward at 1 April 2016	16	9,499	48	9,547	34,349	973,151	1,007,500
<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>Collections</b>			<b>Total</b>			
2016-17 Unrestricted funds £000	2016-17 Restricted funds £000	2016-17 Total funds £000	2016-17 Unrestricted funds £000	2016-17 Restricted funds £000	2016-17 Endowment funds £000	<b>2016-17 Total funds £000</b>
-	-	-	40,251	-	-	<b>40,251</b>
-	20,995	20,995	-	20,995	-	<b>20,995</b>
-	5,331	5,331	19,928	30,554	-	<b>50,482</b>
54	-	54	11,404	4	-	<b>11,408</b>
1,148	-	1,148	33,304	-	-	<b>33,304</b>
-	5	5	5,354	5	-	<b>5,359</b>
-	363	363	28	371	-	<b>399</b>
-	-	-	97	-	-	<b>97</b>
<b>1,202</b>	<b>26,694</b>	<b>27,896</b>	<b>110,366</b>	<b>51,929</b>	-	<b>162,295</b>
-	-	-	3,265	37	-	<b>3,302</b>
-	-	-	30,795	-	-	<b>30,795</b>
-	-	-	6,308	573	-	<b>6,881</b>
-	55	55	20	56	-	<b>76</b>
-	-	-	63,836	35,579	-	<b>99,415</b>
-	-	-	102	-	-	<b>102</b>
-	<b>55</b>	<b>55</b>	<b>104,326</b>	<b>36,245</b>	-	<b>140,571</b>
-	60	60	-	63	1,672	<b>1,735</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>
-	220	220	-	220	(220)	-
-	-	-	46	153,234	-	<b>153,280</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>
18,652	398,960	417,612	62,500	1,372,159	10,981	<b>1,445,640</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>

**3. Donations and legacies**

	<b>2018</b>	2017
	<b>£000</b>	£000
Grant in Aid	<b>38,066</b>	40,251
Donated works of art	<b>15,884</b>	20,995
Lottery and other public funding		
Arts and Humanities Research Council	<b>39</b>	177
Arts Council	<b>258</b>	2,043
Big Lottery Fund – Coastal Communities Fund	–	1,676
City of Liverpool	<b>41</b>	41
Her Majesty's Revenue and Customs	<b>1,320</b>	–
Heritage Lottery Fund	<b>694</b>	2,120
Total Lottery and other public funding	<b>2,352</b>	6,057
Donations from associated charities	<b>6,045</b>	21,971
Other donations	<b>25,932</b>	22,454
	<b>88,279</b>	111,728
of which the following is taken to (see page 42)		
Income and expenditure	<b>61,304</b>	61,239
Capital	<b>4,765</b>	24,163
Collections	<b>21,213</b>	26,326
Endowments	<b>997</b>	–

Arts Council funding includes £200,000 of a total grant of £4,000,000 (all of which has now been drawn) for the Tate St Ives project.

**4. Charitable activities**

	<b>2018</b>	2017
	<b>£000</b>	£000
Admissions	<b>10,941</b>	8,205
Other income from charitable activities	<b>5,665</b>	3,203
	<b>16,606</b>	11,408
of which the following is taken to (see page 42)		
Income and expenditure	<b>16,578</b>	11,350
Capital	–	4
Collections	<b>28</b>	54

**5. Other trading activities**

	<b>2018</b> <b>£000</b>	2017 £000
Trading	<b>38,606</b>	33,304
Sponsorship	<b>3,805</b>	4,357
Other activities for raising funds	<b>918</b>	1,002
	<b>43,329</b>	38,663
of which the following is taken to (see page 42)		
Income and expenditure	<b>38,789</b>	37,310
Capital	<b>3,388</b>	200
Collections	<b>1,152</b>	1,153

Included in sponsorship income is £1,164,000 of barter advertising (£171,000 in 2016-17), computed at estimated cost value.

**6. Investments**

	<b>2018</b> <b>£000</b>	2017 £000
Bank interest	<b>23</b>	28
Income on quoted investments	<b>423</b>	371
	<b>446</b>	399
of which the following is taken to (see page 42)		
Income and expenditure	<b>32</b>	36
Collections	<b>414</b>	363

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

At 31 March 2018, the investment fund was valued at £14,365,000 (£12,983,000 in 2016-17); historic cost £12,232,000 (£10,279,000 in 2016-17).

	2017 Market value £000	Additions in year £000	Disposals in year £000	Realised and unrealised gains/ (losses) £000	<b>2018 Market value £000</b>
Investment portfolio:					
UK fixed interest	1,931	364	(402)	(106)	<b>1,787</b>
Non-UK fixed interest	-	99	-	(1)	<b>98</b>
UK equities	4,086	872	(1,058)	58	<b>3,958</b>
Non-UK equities	4,502	871	(939)	68	<b>4,502</b>
Property	1,376	-	-	69	<b>1,445</b>
Alternatives	948	1,183	(679)	(34)	<b>1,418</b>
Cash	140	1,017	-	-	<b>1,157</b>
Group investments total	12,983	4,406	(3,078)	54	<b>14,365</b>
Subsidiaries' issued share capital (at cost)	2,495	-	-	-	<b>2,495</b>
Tate investments total	15,478	4,406	(3,078)	54	<b>16,860</b>

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

There were no investments held at 31 March 2018 which individually represent greater than 5% of the investment portfolio.



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

is stated after charging:

	<b>2018</b>	2017
	<b>£000</b>	£000
Auditors' remuneration		
Comptroller and Auditor General	<b>54</b>	54
Subsidiaries – audit, Grant Thornton	<b>37</b>	35
Subsidiaries – taxation & technical advice, Grant Thornton	<b>6</b>	5
Taxation advice	<b>79</b>	83
Operating lease rentals		
Land and buildings	<b>609</b>	602
Vehicles and equipment	<b>199</b>	187
Depreciation	<b>34,636</b>	32,506
Impairment of fixed assets	–	44

No other non-audit services were provided by the Comptroller and Auditor General.

**8. Total expenditure**

	Staff costs	Other direct costs	Support costs	Depreciation and impairments*	<b>2018 Total</b>	2017 Total
	£000	£000	£000	£000	<b>£000</b>	£000
<i>Raising funds</i>						
Costs of raising donations and legacies	1,690	305	1,312	80	<b>3,387</b>	3,302
Fundraising trading: cost of goods sold and other costs						
– Trading costs	12,667	20,846	–	228	<b>33,741</b>	30,795
– Other costs of raising funds	4,036	1,518	1,846	70	<b>7,470</b>	6,881
<i>Investment management costs</i>	–	60	21	–	<b>81</b>	76
<i>Total costs of raising funds</i>	<b>18,393</b>	<b>22,729</b>	<b>3,179</b>	<b>378</b>	<b>44,679</b>	41,054
Charitable activities						
– Gallery activities	14,125	18,751	20,928	32,773	<b>86,577</b>	79,617
– Gallery operations	3,393	3,270	1,344	805	<b>8,812</b>	11,337
– Collections	5,485	1,504	1,400	680	<b>9,069</b>	8,452
– Lease cost	–	–	–	–	–	9
<i>Total charitable activities</i>	<b>23,003</b>	<b>23,525</b>	<b>23,672</b>	<b>34,258</b>	<b>104,458</b>	99,415
<i>Other</i>	–	–	191	–	<b>191</b>	102
<b>Total</b>	<b>41,396</b>	<b>46,254</b>	<b>27,042</b>	<b>34,636</b>	<b>149,328</b>	140,571

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

The Chairman and other Trustees received no remuneration; six Trustees (ten in 2016-17) received reimbursement of travel and subsistence expenses amounting to £8,393 in 2017-18 (£7,035 in 2016-17).

a) Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2018 Total £000	2017 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	9	85	62	170	960	26	<b>1,312</b>	1,442
Fundraising trading: cost of goods sold and other costs								
– Other costs of raising funds	703	75	55	149	841	23	<b>1,846</b>	1,623
Investment management costs	–	21	–	–	–	–	<b>21</b>	20
<i>Total costs of raising funds</i>	<b>712</b>	<b>181</b>	<b>117</b>	<b>319</b>	<b>1,801</b>	<b>49</b>	<b>3,179</b>	<b>3,085</b>
<i>Charitable activities</i>								
– Gallery activities	113	1,110	685	2,202	16,469	349	<b>20,928</b>	17,963
– Gallery operations	22	222	185	440	405	70	<b>1,344</b>	1,364
– Collections	23	230	276	457	342	72	<b>1,400</b>	1,183
<i>Total charitable activities</i>	<b>158</b>	<b>1,562</b>	<b>1,146</b>	<b>3,099</b>	<b>17,216</b>	<b>491</b>	<b>23,672</b>	<b>20,510</b>
<i>Other</i>	–	191	–	–	–	–	<b>191</b>	102
<b>Total</b>	<b>870</b>	<b>1,934</b>	<b>1,263</b>	<b>3,418</b>	<b>19,017</b>	<b>540</b>	<b>27,042</b>	<b>23,697</b>
Basis of allocation	FTE/ expenditure	expenditure	average expenditure	depreciation	expenditure			
	expenditure		FTE	charge				

Support costs include an element of staff costs amounting to £6,555,000 (£5,831,000 in 2016-17).

b) Staff costs

	2018 £000	2017 £000
Wages and salaries	<b>36,289</b>	35,419
Pension costs	<b>5,348</b>	5,200
Social Security costs	<b>3,454</b>	3,268
Redundancy costs	<b>389</b>	149
Total employee costs	<b>45,480</b>	44,036
Agency staff costs	<b>2,471</b>	1,675
	<b>47,951</b>	45,711

In addition, £288,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2017-18 (£998,000 in 2016-17). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 7 in 2017-18 (22 in 2016-17).

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>2018</b>	2017
	<b>No.</b>	No.
£60,000 - £64,999	<b>5</b>	5
£65,000 - £69,999	<b>4</b>	1
£70,000 - £74,999	<b>2</b>	3
£75,000 - £79,999	<b>3</b>	2
£80,000 - £84,999	<b>4</b>	6
£85,000 - £89,999	<b>3</b>	1
£90,000 - £94,999	–	2
£95,000 - £99,999	<b>2</b>	–
£100,000 - £104,999	<b>3</b>	2
£115,000 - £119,999	–	1
£125,000 - £129,999	<b>1</b>	–
£135,000 - £139,999	<b>1</b>	–
£175,000 - £179,999	–	1
£180,000 - £184,999	<b>1</b>	–
£195,000 - £199,999	–	1
	<b>29</b>	<b>25</b>

Twenty-eight of the twenty-nine staff earning more than £60,000 are members of a defined benefit pension scheme (twenty-four of the twenty-five in 2016-17); their total contributions to the scheme amounted to £562,000 during the year (£472,000 in 2016-17).

The average number of full-time equivalent (FTE) staff during the year was 1,306 (1,309 in 2016-17). Included within this total are 14 FTE staff on temporary contracts (16 in 2016-17) and 66 FTE staff on fixed-term contracts (76 in 2016-17).

The breakdown of average FTE staff by occupational group was:

	<b>2018</b>	2017
	<b>No.</b>	No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	<b>38</b>	47
Fundraising trading: cost of goods sold and other costs		
- Trading	<b>526</b>	529
- Other	<b>109</b>	101
<i>Charitable activities</i>	<b>630</b>	630
<i>Other resources expended</i>	<b>3</b>	2
	<b>1,306</b>	1,309

Exit package cost band	Number of compulsory redundancies	Number of other redundancies agreed	<b>Total number of exit packages by cost band 2018</b>	Total number of exit packages by cost band 2017
<£10,000	5	–	<b>5</b>	5
£10,000 - £25,000	1	1	<b>2</b>	2
£25,000 - £50,000	–	2	<b>2</b>	–
£50,000 - £100,000	–	1	<b>1</b>	1
£100,000 - £150,000	–	1	<b>1</b>	–
Total number of exit packages	6	5	<b>11</b>	8
Total resource cost/£	42,000	332,000	<b>374,000</b>	148,000

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 his 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 his 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 he does 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 2017-18, employers' contributions of £4,575,000 were payable to the PCSPS (2016-17 £4,397,000) 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 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £120,000 (2016-17 £128,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £118,000 (£117,000 in 2016-17), 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.

Two people retired early on ill-health grounds (none in 2016-17); the total additional accrued pension liabilities to PCSPS in the year amounted to £nil (£nil in 2016-17).

The accrued pension quoted is the pension the member is entitled to receive when he reaches pension age, or immediately on ceasing to be an active member of the scheme if he is 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 £535,000 were made in the year (2016-17 £558,000).

## 9. Tangible assets

Group	Land £000	Freehold buildings £000	Leasehold improvements £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Value at 1 April 2017	189,460	88,214	95,488	16,315	331,080	429,437	14,655	1,164,649
Additions at cost	–	425	–	4,548	1,306	–	1,874	8,153
Transfer of assets	264,000	150,800	(79,985)	(20,863)	115,485	(429,437)	–	–
Valuation of assets	(10,340)	9,110	410	–	12,866	–	–	12,046
Disposals	–	–	–	–	–	–	(91)	(91)
<b>Value at 31 March 2018</b>	<b>443,120</b>	<b>248,549</b>	<b>15,913</b>	<b>–</b>	<b>460,737</b>	<b>–</b>	<b>16,438</b>	<b>1,184,757</b>
Depreciation at 1 April 2017	–	62	295	–	2,134	–	13,195	15,686
Charge for the year	–	2,627	181	–	30,715	–	1,113	34,636
Valuation of assets	–	–	55	–	405	–	–	460
Disposals	–	–	–	–	–	–	(91)	(91)
<b>Depreciation at 31 March 2018</b>	<b>–</b>	<b>2,689</b>	<b>531</b>	<b>–</b>	<b>33,254</b>	<b>–</b>	<b>14,217</b>	<b>50,691</b>
<b>Net book value at 31 March 2018</b>	<b>443,120</b>	<b>245,860</b>	<b>15,382</b>	<b>–</b>	<b>427,483</b>	<b>–</b>	<b>2,221</b>	<b>1,134,066</b>
Net book value at 1 April 2017	189,460	88,152	95,193	16,315	328,946	429,437	1,460	1,148,963
<b>Historic cost NBV at 31 March 2018</b>	<b>98,488</b>	<b>137,498</b>	<b>13,964</b>	<b>–</b>	<b>225,360</b>	<b>–</b>	<b>2,221</b>	<b>477,531</b>

Tate	Land	Freehold	Leasehold	Assets in the	Plant and	Long	Fixtures,	Total
	£000	buildings	improvements	course of	fit-out	leasehold	fittings and	tangible
	£000	£000	£000	£000	£000	£000	£000	assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2017	189,460	88,052	95,488	16,315	331,080	429,437	11,291	1,161,123
Additions at cost	–	425	–	4,548	1,306	–	1,655	7,934
Transfer of assets	264,000	150,800	(79,985)	(20,863)	115,485	(429,437)	–	–
Valuation of assets	(10,340)	9,110	410	–	12,866	–	–	12,046
Disposals	–	–	–	–	–	–	(86)	(86)
<b>Value at 31 March 2018</b>	<b>443,120</b>	<b>248,387</b>	<b>15,913</b>	<b>–</b>	<b>460,737</b>	<b>–</b>	<b>12,860</b>	<b>1,181,017</b>
Depreciation at 1 April 2017	–	–	295	–	2,134	–	10,457	12,886
Charge for the year	–	2,609	181	–	30,715	–	903	34,408
Valuation of assets	–	–	55	–	405	–	–	460
Disposals	–	–	–	–	–	–	(86)	(86)
<b>Depreciation at 31 March 2018</b>	<b>–</b>	<b>2,609</b>	<b>531</b>	<b>–</b>	<b>33,254</b>	<b>–</b>	<b>11,274</b>	<b>47,668</b>
<b>Net book value at 31 March 2018</b>	<b>443,120</b>	<b>245,778</b>	<b>15,382</b>	<b>–</b>	<b>427,483</b>	<b>–</b>	<b>1,586</b>	<b>1,133,349</b>
Net book value at 1 April 2017	189,460	88,052	95,193	16,315	328,946	429,437	834	1,148,237
<b>Historic cost NBV at 31 March 2018</b>	<b>98,488</b>	<b>137,416</b>	<b>13,964</b>	<b>–</b>	<b>225,360</b>	<b>–</b>	<b>1,586</b>	<b>476,814</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. Following the opening of the new Tate St Ives, an additional full valuation of St Ives was undertaken at 31 March 2018 also by Deloitte. 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 was previously held under a finance lease however, during the year, Tate purchased the company (Tate Gallery Properties Limited) that owned the head lease to Tate Modern. The freehold for Tate Modern has been transferred from Tate Gallery Projects Limited to Tate, whilst the lease structure has been collapsed and Tate Gallery Properties Limited has been struck off. As a result, the asset has been transferred from long leasehold to land, freehold buildings, plant and fit-out.

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 2018 represents fixed assets for:

Group	Land £000	Freehold buildings £000	Leasehold improvements £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Charitable activities	443,120	245,778	15,382	–	427,483	–	1,586	1,133,349
Other activities	–	82	–	–	–	–	635	717
	443,120	245,860	15,382	–	427,483	–	2,221	1,134,066

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

## 10. Heritage assets

Group and Tate	Value at 1 April 2017 £000	Additions £000	Value at 31 March 2018 £000
<i>Cost</i>			
Installations	17,137	239	<b>17,376</b>
Paintings	61,796	724	<b>62,520</b>
Reliefs	1,527	811	<b>2,338</b>
Sculptures	20,618	1,081	<b>21,699</b>
Works on paper	19,901	671	<b>20,572</b>
Time-based media	1,618	400	<b>2,018</b>
Archives	3,432	2,534	<b>5,966</b>
Other	342	–	<b>342</b>
ARTIST ROOMS	20,660	–	<b>20,660</b>
<i>Valuation</i>			
Installations	12,775	748	<b>13,523</b>
Paintings	173,383	6,978	<b>180,361</b>
Reliefs	766	991	<b>1,757</b>
Sculptures	33,059	4,012	<b>37,071</b>
Works on paper	21,277	1,957	<b>23,234</b>
Time-based media	1,408	17	<b>1,425</b>
Archives	6,334	330	<b>6,664</b>
Other	287	–	<b>287</b>
ARTIST ROOMS	48,304	883	<b>49,187</b>
The Qantas Foundation	–	151	<b>151</b>
Total additions	444,624	22,527	<b>467,151</b>

In the year 801 works of art and archives were added to the Collection of which 203 are included at cost price and 598 (including 24 part-purchased ARTIST ROOMS works) have been valued.

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

	<b>2017-18</b>	2016-17	2015-16	2014-15	2013-14
	<b>£000</b>	£000	£000	£000	£000
<i>Cost</i>					
Installations	<b>239</b>	930	1,315	1,136	883
Paintings	<b>724</b>	2,896	1,064	1,317	24,659
Reliefs	<b>811</b>	60	–	131	163
Sculptures	<b>1,081</b>	970	2,340	254	489
Works on paper	<b>671</b>	868	2,387	969	1,549
Time-based media	<b>400</b>	666	639	309	4
Archives	<b>2,534</b>	46	68	69	1,533
ARTIST ROOMS	–	7	20	54	–
<i>Valuation</i>					
Installations	<b>748</b>	1,949	1,530	2,171	671
Paintings	<b>6,978</b>	10,337	3,131	57,408	1,264
Reliefs	<b>991</b>	43	45	147	–
Sculptures	<b>4,012</b>	1,113	241	10,654	134
Works on paper	<b>1,957</b>	6,244	1,281	1,677	1,215
Time-based media	<b>17</b>	1,088	126	194	–
Archives	<b>330</b>	–	220	210	337
Other	–	–	3	–	–
ARTIST ROOMS	<b>883</b>	221	60	281	695
The Qantas Foundation	<b>151</b>	–	–	–	–
Total additions	<b>22,527</b>	27,438	14,470	76,981	33,596

**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 74,287 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.

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 events, corporate memberships, education and some media services at all Tate sites.

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

	<b>2018</b>	2017
	<b>£000</b>	£000
Fixed assets	<b>717</b>	726
Current assets	<b>16,166</b>	11,303
Current liabilities	<b>(14,035)</b>	(9,057)
Long-term liabilities	-	-
Net assets	<b>2,848</b>	2,972
Capital and reserves	<b>2,848</b>	2,972
	<b>2,848</b>	2,972

Current assets include stock of £4,089,000, comprising: work in progress £160,000; finished goods and goods for resale £3,929,000 (£4,556,000, comprising: work in progress £216,000; finished goods and goods for resale £4,340,000 in 2016-17).

	<b>2018</b>	2017
	<b>£000</b>	£000
Turnover	<b>40,985</b>	35,068
Cost of sales	<b>(14,043)</b>	(12,758)
Gross profit	<b>26,942</b>	22,310
Other income	-	5
Administrative expenses	<b>(20,245)</b>	(19,498)
Trading profit	<b>6,697</b>	2,817
Interest receivable	<b>2</b>	2
Net contribution	<b>6,699</b>	2,819

The net contribution consists of £2,222,000 from publishing and retail operations (£1,309,000 in 2016-17), £1,150,000 from catering operations (£38,000 in 2016-17) and £3,327,000 from events, education and media services (£1,472,000 in 2016-17). Turnover includes £2,247,000 of sales to Tate (£1,657,000 in 2016-17). Administrative expenses include £2,022,000 of expenditure recharged by Tate (£1,788,000 in 2016-17).

The taxable profits of Tate Enterprises Limited are distributed to the Board of Trustees of the Tate Gallery and Tate Foundation 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 £2,649 to £3,560 in the year.

**12. Debtors**

	<b>Group</b>		<b>Tate</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>5,253</b>	3,939	<b>3,809</b>	2,604
Amounts due from group companies	–	–	<b>7,779</b>	4,519
Other debtors	<b>1,956</b>	1,992	<b>1,813</b>	1,846
Prepayments and accrued income	<b>5,136</b>	3,434	<b>4,992</b>	3,260
	<b>12,345</b>	9,365	<b>18,393</b>	12,229

**13. Cash and liquid resources**

	<b>Group</b>		<b>Tate</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£000</b>	£000	<b>£000</b>	£000
held at/in:				
Government Banking Service	<b>2,464</b>	2,770	<b>2,464</b>	2,770
Interest-bearing accounts	<b>21,466</b>	18,002	<b>12,882</b>	13,665
Cash and non-interest-bearing accounts	<b>1,005</b>	527	<b>64</b>	59
	<b>24,935</b>	21,299	<b>15,410</b>	16,494

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

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest-bearing accounts	<b>21,466</b>	18,002
Less: funds held in interest-bearing current or call accounts	–	–
Liquid resources (funds held on deposit)	<b>21,466</b>	18,002

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

	<b>Group</b>		<b>Tate</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>4,356</b>	2,871	<b>2,804</b>	1,409
Amounts due to group companies	–	–	<b>670</b>	354
Taxation and social security	<b>1,629</b>	1,646	<b>616</b>	625
Other creditors	<b>881</b>	1,186	<b>723</b>	995
Accruals	<b>11,754</b>	8,411	<b>8,724</b>	6,782
Deferred income	<b>3,353</b>	4,693	<b>3,004</b>	4,396
Obligations under finance lease (note 20)	–	10	–	10
	<b>21,973</b>	18,817	<b>16,541</b>	14,571

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

	<b>Group</b>		<b>Tate</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>112</b>	149	<b>112</b>	149
Deferred income	<b>989</b>	69	<b>989</b>	69
Obligations under finance lease (note 20)	–	376	–	376
	<b>1,101</b>	594	<b>1,101</b>	594

**Deferred income**

	<b>Group</b>		<b>Tate</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income brought forward	<b>4,762</b>	4,166	<b>4,465</b>	4,007
Released in year	<b>(4,443)</b>	(3,764)	<b>(3,995)</b>	(3,448)
Deferred in year	<b>4,023</b>	4,360	<b>3,523</b>	3,906
Deferred income carried forward	<b>4,342</b>	4,762	<b>3,993</b>	4,465

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 2018 Tate had annual commitments under non-cancellable leases as follows:

<b>Group</b>	Land and buildings £000	Other £000	<b>2018</b> <b>£000</b>	2017 £000
Operating leases expiring within				
One year	501	175	<b>676</b>	805
Two to five years	1,570	246	<b>1,816</b>	884
More than five years	1,587	–	<b>1,587</b>	–
	<b>3,658</b>	421	<b>4,079</b>	1,689

<b>Tate</b>	Land and building £000 s	Other £000	<b>2018</b> <b>£000</b>	2017 £000
Operating leases expiring within				
One year	369	95	<b>464</b>	572
Two to five years	1,267	158	<b>1,425</b>	280
More than five years	1,587	–	<b>1,587</b>	–
	<b>3,223</b>	253	<b>3,476</b>	852

**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	19,803	–	1,231	–	–	–	<b>21,034</b>
Buildings and equipment	33,142	–	5,828	(4,060)	1,474	–	<b>36,384</b>
Collection fund	51	–	(51)	–	–	–	–
	52,996	–	7,008	(4,060)	1,474	–	<b>57,418</b>
<i>General funds</i>	15,590	–	109,612	(107,727)	–	–	<b>17,475</b>
<b>Total unrestricted funds</b>	68,586	–	116,620	(111,787)	1,474	–	<b>74,893</b>
<b>Restricted</b>							
Tate Modern development	70,569	(70,904)	335	–	–	–	–
Buildings and equipment	384,258	70,897	2,325	(30,525)	14,193	–	<b>441,148</b>
Revaluation reserve	660,616	–	–	–	(4,081)	–	<b>656,535</b>
Works of art	425,331	–	21,222	–	–	–	<b>446,553</b>
Acquisition trust funds	548	–	405	(59)	–	61	<b>955</b>
Other funds	38	7	7,282	(6,957)	–	1	<b>371</b>
	1,541,360	–	31,569	(37,541)	10,112	62	<b>1,545,562</b>
<b>Endowments</b>	12,433	–	997	–	–	(8)	<b>13,422</b>
<b>Total funds</b>	1,622,379	–	149,186	(149,328)	11,586	54	<b>1,633,877</b>
<b>Tate</b>							
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	19,803	–	1,231	–	–	–	<b>21,034</b>
Buildings and equipment	32,416	–	5,607	(3,831)	1,474	–	<b>35,666</b>
Collection fund	51	–	(51)	–	–	–	–
	52,270	–	6,787	(3,831)	1,474	–	<b>56,700</b>
<i>General funds</i>	15,840	–	79,593	(77,592)	–	–	<b>17,841</b>
<b>Total unrestricted funds</b>	68,110	–	86,380	(81,423)	1,474	–	<b>74,541</b>
<b>Restricted</b>							
Tate Modern development	70,563	(70,897)	335	(1)	–	–	–
Buildings and equipment	384,258	70,897	2,325	(30,525)	14,193	–	<b>441,148</b>
Revaluation reserve	660,616	–	–	–	(4,081)	–	<b>656,535</b>
Works of art	425,331	–	21,222	–	–	–	<b>446,553</b>
Acquisition trust funds	548	–	405	(59)	–	61	<b>955</b>
Other funds	38	–	7,282	(6,954)	–	1	<b>367</b>
	1,541,354	–	31,569	(37,539)	10,112	62	<b>1,545,558</b>
<b>Endowments</b>	12,433	–	997	–	–	(8)	<b>13,422</b>
<b>Total funds</b>	1,621,897	–	118,946	(118,962)	11,586	54	<b>1,633,521</b>

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

	As at 1 April 2017 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2018 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<b>Restricted</b>						
Acquisition trust funds	110	45	(20)	135	776	911
Other funds	8	-	(1)	7	39	46
	118	45	(21)	142	815	957
<b>Endowments</b>	2,586	(89)	(506)	1,991	11,417	13,408
<b>Total funds</b>	2,704	(44)	(527)	2,133	12,232	14,365

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. In January 2011, this fund was temporarily redesignated to assist with the cash-flow funding of the capital projects. In May 2018, Trustees agreed to permanently designate the fund to the Tate Modern Project.

**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. As at year end the balance has been transferred to buildings and equipment as a result of the collapse of the Tate Modern finance leasing structure (note 9 and note 20);
- *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;

- 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;
  - Canada Fund and Tate Gallery Projects Limited;
  - 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 2018 are represented by:

Group	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	Total 2018 £000	Total 2017 £000
Tangible assets	36,384	–	1,097,682	–	<b>1,134,066</b>	1,148,963
Heritage assets	21,034	–	446,117	–	<b>467,151</b>	444,624
Investments	–	–	957	13,408	<b>14,365</b>	12,983
Net current assets	–	18,576	806	14	<b>19,396</b>	16,403
Long term creditors	–	(1,101)	–	–	<b>(1,101)</b>	(594)
Total net assets	57,418	17,475	1,545,562	13,422	<b>1,633,877</b>	1,622,379

Tate	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	Total 2018 £000	Total 2017 £000
Tangible assets	35,666	–	1,097,683	–	<b>1,133,349</b>	1,148,237
Heritage assets	21,034	–	446,117	–	<b>467,151</b>	444,624
Investments	–	2,495	957	13,408	<b>16,860</b>	15,478
Net current assets	–	16,447	801	14	<b>17,262</b>	14,152
Long term creditors	–	(1,101)	–	–	<b>(1,101)</b>	(594)
Total net assets	56,700	17,841	1,545,558	13,422	<b>1,633,521</b>	1,621,897

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

	<b>2018</b>	2017
	<b>£000</b>	£000
Net (expenditure)/income for the reporting period	<b>(88)</b>	23,459
Adjustments for:		
Depreciation charges	<b>34,636</b>	32,506
Gains on investments	<b>(54)</b>	(1,735)
Dividends and interest	<b>(446)</b>	(399)
Impairment of fixed assets	–	44
Donations of works of art	<b>(15,884)</b>	(20,995)
Decrease/(increase) in stocks	<b>467</b>	(1,205)
(Increase)/decrease in debtors	<b>(2,980)</b>	4,757
Increase/(decrease) in creditors	<b>3,776</b>	(4,537)
Net cash inflow from operating activities	<b>19,427</b>	31,895

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

	<b>2018</b>	2017
	<b>£000</b>	£000
Cash in hand	<b>3,469</b>	3,297
Notice deposits (less than three months)	<b>21,466</b>	18,002
<b>Total cash and cash equivalents</b>	<b>24,935</b>	21,299

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

	<b>2018</b>	2017
	<b>£000</b>	£000
Donations of works of art	<b>15,884</b>	20,995

**19. Capital commitments**

Financial commitments were as follows:

	<b>2018</b>	2017
	<b>£000</b>	£000
Capital expenditure contracted for, but not provided in the accounts	–	1,386
Acquisition of works of art contracted for, but not provided in the accounts	<b>5,464</b>	5,903
	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2017	<b>1,386</b>	<b>5,903</b>
Less paid for during the year	<b>(1,386)</b>	<b>(5,462)</b>
Additional commitments	–	<b>5,023</b>
Closing commitments at 31 March 2018	–	<b>5,464</b>

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 was £10,000 per annum. At 31 March 2017 there were 85 years remaining on the lease and the remaining rental obligations to which Tate was committed were £386,000 (based on a discounted rate of 2.2% over the life of the lease).

On 14 July 2017, Tate bought NWPIL for £50,000 and subsequently changed the name to Tate Gallery Properties Limited. The freehold for Tate Modern was transferred from TGPL to Tate on 18 December 2017, the lease structure collapsed and Tate Gallery Properties Limited was struck off on 3 April 2018. The remaining £334,000 rental obligations, after the purchase price of £50,000 and £2,000 accounting fees, have been recognised as other income.

## 21. Contingent liabilities

### Guarantees to and on behalf of Tate Foundation

On 14 June 2012 a Parliamentary minute was approved that allowed Tate to provide guarantees to and on behalf of Tate Foundation, an independent charity, so that it could borrow up to £55 million to provide cash-flow support towards Tate's major capital projects and satisfy donor requirements. Tate Foundation had outstanding borrowings of £4 million at 31 March 2018 in relation to this matter. The termination date of the outstanding loan is 21 September 2018 and it is anticipated that it will be repaid by Tate Foundation out of donations and existing unrestricted funds. It is considered very unlikely that Tate will be called upon to pay anything under the guarantees.

### Other

Tate is in ongoing negotiations over final agreements on certain aspects of the Tate St Ives Project. Any final amounts above or below those amounts provided in the financial statements (note 14), will be recognised in future financial statements.

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, Lisa Milroy and Dexter Dalwood are also Trustees of the National Gallery.

Maja Hoffmann is a member of LUMA Foundation. Tate received £1,200,000 of donations from the Foundation during 2017-18. 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. Mala Gaonkar donated £125,000, Lionel Barber donated a speaking engagement fee of £15,000 and James Timpson donated £10,000 to Tate during 2017-18. James Timpson is a director of Timpson Limited, which made donations to Tate of £3,000 in 2017-18. Lionel Barber is a director of The Financial Times Limited, to whom Tate paid £1,000 in online subscriptions in 2017-18. Moya Greene is a director of Royal Mail Group. Michael Lynton is a trustee of the Los Angeles County Museum of Art and a member of the Smithsonian Board of Regents, to whom Tate paid loan fees and conservation costs of £4,000 and £1,000 respectively in 2017-18.

Judith Nesbitt is a trustee of Liverpool Biennial, which paid partnership fees of £2,000 to Tate, and to whom Tate paid £5,000 of event costs in relation to Tate Exchange during 2017-18. Mark Osterfield is a trustee of John Wells Borlase Smart Trust, to whom Tate paid £1,000 in room hire fees during 2017-18. Prior to leaving Tate, Sir



Nicholas Serota was in post as Chairman of Arts Council England (unpaid) between 1 April 2017 and 31 May 2017. Maria Balshaw was a Trustee of Arts Council until 31 March 2018. Tate received grant funding from Arts Council England during the year as detailed in note 3. The Lord Browne of Madingley was a Trustee of Tate Foundation until 31 July 2017; James Timpson is a director of Tate Enterprises Limited.

Maria Balshaw is a director of Tate Foundation. Sir Nicholas Serota was a director of Tate Foundation until 1 June 2017. Polly Bidgood, Kerstin Mogull and Stephen Wingfield are directors of Tate Enterprises Limited.

During the year Tate Members made donations to Tate of £nil (£2,903,632 in 2016-17). At the year end, creditors included £1,000 (£1,000 in 2016-17) in respect of Tate Members. During the year Tate Foundation made donations to Tate of £4,730,403 (£18,301,418 in 2016-17) and reimbursed Tate for staff costs totalling £441,430 (£440,333 in 2016-17) and support costs totalling £101,884 (£97,512 in 2016-17). At the year end, debtors included £1,427,000 (£1,143,000 in 2016-17) and creditors included £27,000 (£315,000 in 2016-17) in respect of Tate Foundation. During the year the American Fund and Americas Foundation made donations to Tate of £1,302,160 (£707,486 in 2016-17). At the year end, creditors included £193,000 (£186,000 in 2016-17) in respect of the American Fund. During the year the Canada Foundation made donations to Tate of £40,115 (£56,716 in 2016-17). At the year end, creditors included £nil (£40,000 in 2016-17) 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 £4,952,000 representing trade debtors (£3,776,000 in 2016-17), 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 £230,000 (£150,000 in 2016-17).

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. 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. Interest and investment income represents 0.30% of the total incoming resources for Tate (0.25% in 2016-17). 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 4 July 2018 and authorised for issue on the date they were certified by the Comptroller and Auditor General. There were no reportable events between 31 March 2018 and the date the accounts were authorised for issue.

