

MUSEUMS AND GALLERIES ACT 1992

Presented to Parliament pursuant to the Museums and Galleries Act 1992, c.44, section 9(8)

The Board of Trustees of the Tate Gallery Annual Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 16th JULY 2009

LONDON: The Stationery Office

August 2009

HC 903

£9.50

MUSEUMS AND GALLERIES ACT 1992

Presented to Parliament pursuant to the Museums and Galleries Act 1992, c.44, section 9(8)

The Board of Trustees of the Tate Gallery Annual Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 16th JULY 2009

LONDON: The Stationery Office

August 2009

HC 903

£9.50

© Crown Copyright 2009

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

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

For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: licensing@opsi.gov.uk

ISBN: 978 0 102962161

The National Audit Office
scrutinises public spending
on behalf of Parliament.

The Comptroller and Auditor General,
Sir John Bourn, is an Officer of the
House of Commons. He is the head of the
National Audit Office, which employs some
800 staff. He, and the National Audit Office,
are totally independent of Government.

He certifies the accounts of all Government
departments and a wide range of other public
sector bodies; and he has statutory authority
to report to Parliament on the
economy, efficiency and effectiveness
with which departments and other bodies
have used their resources.

Our work saves the taxpayer millions of
pounds every year. At least £8 for every
£1 spent running the Office.

This account can be found on the National Audit Office web site at
www.nao.org.uk

Contents

	Page
Advisers	2
Annual report	3
Foreword	9
Remuneration report	17
Statement of Trustees' and Director's responsibilities	19
Statement on internal control	20
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	22
Consolidated statement of financial activities	24
Consolidated balance sheet	26
Tate balance sheet	27
Consolidated cash flow statement	28
Notes to the accounts	29

Advisers

The principal address for the Board of Trustees of the Tate Gallery is:

Tate
Millbank
London
SW1P 4RG

Auditors

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Subsidiaries:
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Bankers and investment managers

Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

TriAlpha Fund Managers (Jersey) Limited
Sir Walter Raleigh House
48-50 Esplanade
St Helier
Jersey JE1 4HH
Channel Islands
(Until 31 December 2008)

Solicitors

Withers LLP
16 Old Bailey
London
EC4M 7EG

Linklaters
1 Silk Street
London
EC2Y 8HQ

Brachers LLP
5 Breams Buildings
London
EC4A 1DY

Annual Report

Aim and objectives

Tate's mission, drawn from the 1992 Museums and Galleries Act, is to increase the public's knowledge, 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:

- 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;
- 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.

Guided by this mission, four primary strategic objectives have been agreed for 2009-12 around Tate's key areas of focus: the art in Tate's care; the public audiences whom Tate serves; Tate's organisation and ways of working; Tate's future development.

When reviewing these objectives and planning future activities, reference has been made to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Tate's four strategic objectives can be summarised as follows:

- to develop broader global and artistic perspectives and reflect them in Tate's Collection and programme for the benefit of public audiences, now and in the future;
- to provide enjoyable experiences for gallery visitors and engage with a wider range of audiences outside the galleries both in the UK and internationally;
- to develop the leaders of the future and improve efficiency to ensure Tate's ongoing ability to fulfil its mission;
- to lay the foundations of development in the twenty-first century, by improving public facilities and making more of the national Collection accessible to the public.

Review of activities in 2008-09

The following summarises the achievements in relation to each of these aims in 2008-09.

Art and ideas

Collection

The Collection sits at the heart of Tate and provides the material around which Tate explores multiple stories of art and the world in which we live with audiences. This year has been a remarkable one for acquisitions, with a large number of works adding to the diversity and cultural significance of Tate's Collection. The highlight of the year was *ARTIST ROOMS*, a national collection of contemporary art which Tate owns jointly with National Galleries of Scotland. The result of a generous donation by the art dealer Anthony d'Offay, and made possible through the generous assistance of the National Heritage Memorial Fund (NHMF), The Art Fund and the Scottish and UK governments, the collection numbers over 700 pieces by thirty-two major artists, making it the largest ever donation of its kind to a British museum and considerably adding to Tate's representation of contemporary art. Another important acquisition this year was Rubens's *The Apotheosis of James I: Sketch for the Banqueting House Ceiling*, secured for the nation in October 2008 following a high-profile fundraising campaign with significant support from the NHMF, Tate Members, The Art Fund and others. Other acquisition highlights that contributed to making Tate's Collection more international and diverse than ever before include works by artists such as Pawel Althamer, Susumu Koshimizu, Albert Oehlen, Vong Phaophanit, Nedko Solakov, Rirkrit Tiravanija, Tris Vonna-Michell and Ai Wei Wei.

Tate's Collection Care division continued to develop its world-leading expertise in conservation, ensuring that all of the Collection is preserved and made accessible for Tate's audiences now and in the future. This year, Tate Conservation undertook several important research projects, including one on sculpture replication and another on Rothko's painting techniques, the findings of which were shared with visitors within the Rothko exhibition.

Research and scholarship

Scholarly research underpins all Tate's exhibitions and displays and this year important steps were taken towards developing a new model for research and scholarship at Tate, anchored by a series of Tate Research Centres. In the past year, Tate has launched three Tate Research Centres focusing on areas of importance for its galleries: *British Romanticism* at Tate Britain; *Rethinking Modernism* at Tate Modern; *the Artist Colony* at Tate St Ives. The centres act as vehicles to develop research ideas, bringing together colleagues with shared scholarly interests and raising the profile of Tate's research work. As an Independent Research Organisation (IRO), Tate has continued to build upon its success in raising public funding for research projects and 2008-09 was an unprecedented year in terms of public research grants. In recognition of Tate's role as a learning and research institution, Tate has this year secured a JISC (Joint Information Systems Committee) Model Licence from JISC Collections, opening up access to a wide range of research materials for both its staff and the public.

Programme

Public programme at Tate includes exhibitions, Collection displays and other learning activities, and this year saw 7.5 million visitors come to Tate's four galleries. The programme is designed to inspire and challenge audiences, increasing their knowledge, understanding and enjoyment of art. The programme of exhibitions and Collection displays in 2008-09 included, amongst others: *Lure of the East: British Orientalist Painting, Francis Bacon, Peter Doig, Mitra Tabrizian: This is that Place* and *Altermodern: Tate Triennial 2009* (described by one critic as "the richest and most generous Tate Triennial to date") at Tate Britain; *Rothko, Cy Twombly: Cycles and Seasons, Cildo Meireles* and *Rodchenko & Popova: Defining Constructivism* (described by one critic as "one of the most exhilarating stretches of creativity ever seen at the Tate") at Tate Modern. With Liverpool as the European Capital of Culture, 2008 stood out as a record year for Tate Liverpool, which for the first time welcomed more than a million visitors through its doors. The *Gustav Klimt: Painting, Design and Modern Life in Vienna* exhibition was the gallery's most successful exhibition to date. A major rehang saw some iconic works from the Collection put on display, including Degas's *Little Dancer Aged Fourteen* (1880-01) and Andy Warhol's *Marilyn Diptych* (1962). Other highlights include *The Fifth Floor: Ideas Taking Space* and *Glenn Brown*. Exhibitions at Tate St Ives included *Dawn of a Colony: St Ives 1811-1888*, examining St Ives's emergence in the nineteenth century as an international artists' retreat, *Adam Chodzko: Proxigean Tide, Heimo Zobernig and the Tate Collection* and *A Continuous Line: Ben Nicholson in England*.

Tate's audiences

Visitors and the gallery experience

Art museums provide a rich seam of inspiration and Tate's programmes exemplify best practice in creative learning. Central to Tate's purpose is to promote the public's knowledge, understanding and enjoyment of art. To this end, Tate works to animate its programme in ways that will inspire people of all ages and backgrounds. Tate provides a number of opportunities for children and families, including themed school visits, teacher resources and Tate Britain's local community schools outreach project, *VerbalEyes*. Tate Liverpool is one of the ten chosen institutions piloting the government-backed *Find Your Talent* programme. Other child- and family-friendly activities in the galleries this year included the third *UBS Openings: The Long Weekend* at Tate Modern, *Art Trolley* at Tate Britain, *Super Sundays* and *HiART* at Tate St Ives and Tate Liverpool's *20th Birthday weekend*, which reached more than 17,000 people.

Adult and youth-focused events this year included, amongst others: *Late at Tate*, held monthly at Tate Britain, Tate Liverpool and Tate St Ives; evening talks and conferences such as Tate's Landmark Exhibitions and the series of 'Prologues' to the *Altermodern: Tate Triennial* exhibition; and musical performances including a collaboration with the National Youth Orchestra and the premiere of *Shadows of Light*, a performance by composer Jim Aitchison inspired by Rothko's Seagram Murals. As a result of all its exhibitions, Collection displays and supporting activities, more than 7.5 million people came to Tate in the past year, from all walks of life.

Beyond the galleries

Tate's work goes far beyond the walls of the four galleries. Tate collaborates with organisations in the UK and internationally to bring art to the widest possible audience. Tate's national activities this year have included Tate Connects, a project to create a network of visual arts organisations around the UK, of which nine five-year partnerships have so far been forged, with organisations including the Baltic in Gateshead, The Hepworth in Wakefield and Ikon in Birmingham. In 2008, Tate established thirteen partnerships with other UK galleries to host displays from *ARTIST ROOMS* during 2009. Tate's participation in the DCMS-backed World Collection Programme is enabling it to develop links with the Middle East in particular. In January 2009, the *Infrastructure and Ideas: Contemporary Art in the Middle East* symposium was held at Tate Britain and Tate Modern. International touring exhibitions this year included, amongst others: *JMW Turner: Oils and Watercolours*, which travelled to Washington DC, Dallas, New York, Moscow and Beijing; *Lure of the East*, which went to America, Istanbul and the United Arab Emirates; and *Millais*, which went to Holland and Japan.

Tate engages in a broad range of new media activities to ensure the Collection and programme are accessible to a global audience and to engage with people who might not otherwise visit Tate's galleries. In 2008-09, Tate's website received over 18 million visitors, 43% of whom were from outside the UK. Tate's monthly selection of online videos, *TateShots*, has grown steadily in popularity over the year, with visitor numbers exceeding 30,000 in December 2008. Tate has been a digital pioneer this year, with a series of iPhone and iPod-based multimedia guides in partnership with Apple, and a partnership with Google's Street View. Tate has also developed a number of websites designed to engage young people, including Young Tate, Creative Manifesto, which aimed to stimulate debate about creativity in Britain, and Tate Kids, which won a Webby against competitors such as MTV, Marvel and National Geographic, as well as Best Educational Website at the Museums on the Web International Awards.

Improving the organisation

People and culture

Around 1,300 hard-working, dedicated and talented people make everything happen at Tate, from curators to waiters, directors and shop assistants. Tate is committed to developing the skills of all its staff and to advancing knowledge and skills within the sector as a whole. To this end, Tate runs a series of initiatives, from lunch-hour learning sessions and Tate's Manager Programme, to short courses (such as the Clore Leadership Short Courses), placements, exchanges and internships. In the past year, Tate has hosted five 'Peach' placements, a strand of the government-funded Cultural Leadership Programme. As part of the national Creative Apprenticeships scheme, Tate Liverpool led a consortium of cultural organisations in setting up a training scheme for sixteen to twenty-four-year-olds. Tate continues to build on this infrastructure of learning and development opportunities to ensure that it is well placed to attract the best talent from the UK and around the world and to retain and invest in that talent for the benefit of Tate, its visitors, and the wider arts sector.

Funders and supporters

Tate relies on a wide variety of funding sources. In addition to public funding, Tate Members, Tate Patrons, trusts and individual donors all make valuable contributions. The past year has seen Tate continue its relationship with long-term corporate partners and add new ones, including: BP, Sotheby's, Tate & Lyle and Bank of America at Tate Britain; UBS, Unilever, Bloomberg, Fujitsu Services, Access Industries and Nissan at Tate Modern; DL Piper at Tate Liverpool; and BT Online. Tate is pleased to welcome three new corporate members: Investec Asset Management, Hanjin Shipping Co and RWE npower.

Individual donors and members also contribute significantly to Tate's programme and Collection. As a result of the extremely strong exhibition programme this year, the Tate Members grew to a record 95,000 memberships, representing nearly 200,000 individuals. The support of Tate's Patrons for the Collection, exhibitions, conservation and learning projects remained strong with more than £900,000 allowing Tate to acquire new works from artists including David Batchelor and Gerald Leslie Brockhurst. At Tate Modern, Exhibition Supporters Groups were established for the *Cy Twombly* and *Cildo Meireles* exhibitions. The John Lyon's Charity and the 29 May Charitable Trust have both offered three-year pledges of support towards learning programmes. Tate also received two major cash legacies this year, from Paul Millwood and Nicholas Themans.

Generating income through commercial activities is an important part of Tate's funding stream. The past year was a record year for Tate Enterprises with merchandise across the whole of Tate having its best year ever. A three-year deal also started with P&O in 2008.

Operations

Tate needs to ensure that every pound it receives goes as far as it possibly can in support of the mission. This year Tate has continued to embed a culture of efficiency and transparency into all of its operations. Operational changes this year that have led to cost savings and greater efficiency include an upgrade to the communications links between Tate's sites, resulting in faster online data speeds; a restructuring of the post and portering service; and a six-month assessment of the Collection Care division's activities to identify new, more efficient ways of working.

Sustainability

Tate aims to become a leader in museum sustainability. Tate's new sustainability strategy was reviewed by the Trustees in September 2008, meaning that for the first time, sustainability is explicitly included in Tate's overall vision. Tate is working to lead and influence the sector on building management, gallery conditions, exhibitions, transport and events. Since March 2008, Tate has commissioned a carbon footprint analysis with the assistance of The Carbon Trust and has been awarded the Carbon Trust Reduction Standard. A new Sustainability Task Force comprised of senior level staff meets monthly to direct Tate's sustainability approach. In May 2008, Tate launched a Green Champions Network, which involves individual volunteers in every department working to instigate environmental changes at their local level.

Future development

Tate has enjoyed strong growth in recent years, both in terms of visitor numbers and the size and range of its Collection given the current economic climate it will be a challenge to maintain this growth. In the meantime Tate now needs to accommodate this growth. This year Tate continued to take forward three major projects to ensure it is able to meet its statutory objectives as well in the next century as it has in the last. The capital projects currently underway will enable Tate to display more of the Collection and deliver services more effectively to greater numbers of people, fulfilling the public's expectation of Tate as a world-class museum. On 31 March 2009, planning permission was granted to develop Tate Modern, meaning that by 2012, the gallery will have undergone a major transformation, increasing capacity by 60%. Tate has also been working on a new development plan for Tate Britain, which will improve the use of the gallery's spaces, provide better services and meet the increasing demand for learning opportunities. Tate St Ives has continued to work closely with its surrounding community, including Cornwall County Council and Penwith Housing Association, on plans to develop the gallery in order to provide better facilities for its visitors.

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.

Trustees

Melanie Clore and Fiona Rae retired as Trustees during the year, with Tom Bloxham, Professor David Ekserdjian and Elisabeth Murdoch being appointed to the Board and Patricia Lankester being re-appointed. Paul Myners resigned as Chair and Trustee, Sir Howard Davies was appointed Interim Chair and The Lord Browne of Madingley was appointed Chair.

Performance indicators

Performance indicators agreed with the Department for Culture, Media and Sport (DCMS) as part of the annual funding agreement process were achieved as follows:

Performance indicators	Actual 2009 000s	Actual 2008 000s
Access		
Number of actual visits	7,475	7,711
Number of unique users visiting the website	18,495	16,708
Audience profile		
Number of visits by children under 16	1,055	1,120
Number of adult visitors from NS-SEC 5-8	857	718
Number of UK adult visitors from an ethnic minority background	746	605
Number of UK adult visitors with a long-term illness, disability or infirmity	199	N/A
Number of overseas visitors (000's)	2,967	3,219
Learning/outreach		
<i>Children</i>		
Number of visits by children under 16 in formal education	280	N/A
Number of instances of children participating in on-site organised activities	111	N/A
Number of instances of children participating in outreach activity	4	N/A
<i>Adults</i>		
Number of instances of adults participating in on-site organised activities	289	N/A
Number of instances of adults participating in outreach activity	5	N/A
Visitor satisfaction		
Percentage of visitors who would recommend a visit	90%	N/A
Income generation		
<i>Self-generated income</i>		
Admissions	7,194	5,058
Trading income	29,386	26,511
Fundraising (including capital)	27,037	16,892
Fees and other income	10,046	9,439
Donated works of art	64,017	63,132
	137,680	121,032
Regional engagement		
Number of UK loan venues	117	108

Financial review

The consolidated statement of financial activities on pages 24 and 25 shows total incoming resources of £200,239,000 (£176,079,000 in 2007-08). Of this amount £27,146,000 (£14,829,000 in 2007-08) was applied to the ongoing capital programme, £85,671,000 (£78,640,000 in 2007-08) to Collection acquisitions and £1,025,000 to endowments (£3,000,000 in 2007-08). The remaining £86,397,000 (£79,610,000 in 2007-08) comprises £87,432,000 (£81,564,000 in 2007-08) used to fund ongoing operations in the year, offset by the remaining deficit of £1,035,000 (£1,954,000 in 2007-08) funded from capital and collections reserves.

Tate received £53,954,000 of Grant in Aid from Parliament, (£45,929,000 in 2007-08), provided through the DCMS. Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £146,285,000 for the year (£130,150,000 in 2007-08).

Resources expended include the costs of generating voluntary income, trading and other costs, investment management costs, costs of charitable activities and governance costs.

Over the past year, Tate has added works of art valued at £96,709,000 to the Collection (£68,437,000 in 2007-08). Of this figure, £64,017,000 has been donated by individuals either directly or in lieu of tax (£63,132,000 in 2007-08). Funding for purchased works of art has come from many sources, including the Lottery, Tate Members, Tate Patrons and self-generated income.

Foreword

Introduction

Presentation of the financial statements

The accounts have been prepared in accordance with the Statement of Recommended Practice (the SORP) "Accounting and Reporting by Charities" (revised 2005) and in compliance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport.

The consolidated statement of financial activities set out on pages 24 and 25 has been prepared in line with the SORP and shows incoming resources including income relating to capital projects. In accordance with section 4 of the Companies Act 2006, the Trustees have taken due regard to guidance published by the Charities Commission.

History of body, statutory background, organisation and structure

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 finally being officially changed 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 rededicated as Tate Britain. Tate Modern opened to the public in May 2000.

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 new Treasury Minute of 5 February 1955 defined the scope of the Tate Gallery Collection and vested in its Board of Trustees the responsibility for the Collection and for the management of the Gallery.

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

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

Tate is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). Tate is an exempt charity.

Connected charities

Tate has three connected charities. These are independent and do not impact on Tate's operating policies, however they work closely with Tate and have the aim of helping Tate fulfil its mission for the public benefit.

Tate Members: founded in 1958 as The Friends of the Tate Gallery to raise money for the purchase of works of art for the Gallery, to support the work of Tate and to recruit members, thereby promoting the work of Tate to the general public. The Tate Members Council meets regularly to allocate its funds to Tate acquisitions and exhibitions and special projects on behalf of all Tate Members.

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

The American Fund for the Tate Gallery and The American Patrons of Tate: independent charities based in New York that support the work of Tate in the United Kingdom.

Organisation and structure

In 2008, the membership of the Board was amended by Statutory Instrument to be made up of fourteen trustees, rather than the twelve set out in the Museums and Galleries Act 1992. Thirteen of these are appointed by the Prime Minister and one is a member of the National Gallery Board of Trustees. Correspondingly, one of Tate's Trustees sits on the National Gallery Board. In addition, the Museums and Galleries Act 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.

The 1992 Museums and Galleries Act defines the establishment, constitution, functions and property of the Board of Trustees. The role of the Board of Trustees is to determine policy and set the strategic direction for Tate. The Board oversees the management of the gallery, with the Trustees acting as guardians of the public interest. 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.

The Museums and Galleries Act 1992 allows the Board to establish sub-committees and councils to more efficiently undertake its activities. The Board is advised by a number of formal sub-committees. The sub-committees, whose members comprise both Trustees and non-Trustees, provide detailed expertise and help to advise the Board on specific areas of Tate's operations. Some sub-committees of the Board hold delegated authority from the Board to make specific decisions, while others are purely advisory. For example, the Collection Committee has the authority to decide on acquisitions up to a certain value, for ratification by the Board. Other sub-committees, such as the Finance and Operations Committee, operate purely in an advisory capacity to the Board and have no formal decision-making authority.

Trustees serving in the period 2008-09 were:

Helen Alexander, CBE
Tom Bloxham, MBE (appointed 23 February 2009)
The Lord Browne of Madingley (appointed Chair 21 January 2009)
Melanie Clore (retired 26 April 2008)
Sir Howard Davies (Interim Chair, 3 October 2008 – 21 January 2009)
Jeremy Deller
Professor David Ekserdjian (appointed 1 April 2008)
Anish Kapoor, CBE
Patricia Lankester (re-appointed 13 April 2009)
Paul Myners, CBE (resigned as Chair and Trustee 3 October 2008)
Elisabeth Murdoch (appointed 18 August 2008)
Franck Petitgas
Fiona Rae (retired 7 March 2009)
Monisha Shah

The Tate Director, currently Sir Nicholas Serota, is appointed by the Board of Trustees with the approval of the Prime Minister. He is Tate's Accounting Officer and is responsible to the Board for the general exercise of the Board's functions. The Director has responsibility for the day-to-day organisation, management and staffing of Tate. The Directors Group, chaired by Tate's Director, takes responsibility for advising and steering policy and strategy across Tate, including setting Tate's Vision and Strategy. Divisional directors are responsible for ensuring this Tate-wide Strategy is implemented in their departments. Day-to-day operational decisions are delegated to the divisional directors, who are assisted by executive groups consisting of heads of department and senior staff members.

The directors serving in the period 2008-09 were:

Sir Nicholas Serota: Director, Tate
Alex Beard: Deputy Director, Tate
Julian Bird: Chief Operating Officer
Sue Cambridge: Director of Finance
Martin Clark: Artistic Director, Tate St Ives
Caroline Collier: Director, Tate National
Stephen Deuchar: Director, Tate Britain

Rob Gethen Smith: Director, Information Systems (appointed 26 January 2009)
 Will Gompertz: Director of Tate Media
 Brian Gray: Director of Operations (resigned 31 May 2008)
 Christoph Grunenberg: Director, Tate Liverpool
 Adrian Hardwicke: Director of Visitor Services and Estates (appointed 1 September 2008)
 John Nickson: Director, Emeritus, Tate Foundation
 Andrea Nixon: Executive Director, Tate Liverpool
 Mark Osterfield: Executive Director, Tate St Ives
 Cheryl Richardson: Director of Human Resources
 Kate Sloss: Director of Collection Care (appointed 1 December 2008)
 Vicente Todolí: Director, Tate Modern
 Rebecca Williams: Director of Development, Tate

Conflicts of interests

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 Interests is kept to identify any potential conflicts of interest between Trustees' and directors' private, professional, political and business activities (including those of close family and household members) and those of Tate. This is available on Tate Online and by written request.

Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of the Code of Practice for ministerial appointments to public bodies, guidance for departments on adopting best practice in appointment procedures.

Trustee vacancies are advertised externally in the media and on Tate Online in order to reach as diverse an audience as possible. All applicants are required to complete an application form and each application is then assessed against set criteria; a short list of candidates is invited to interview. The key stages of the appointment are overseen by a panel, which will normally include the Director in an advisory capacity, the Chairman of the Board of Trustees and an independent assessor who is appointed by the DCMS, who makes a recommendation to the Secretary of State. The Minister's recommendation is then considered by the Prime Minister, who makes and announces the appointment.

On appointment, Trustees are provided with a handbook for Tate Trustees and invited to attend an induction which covers roles and responsibilities of the Board, the statutory framework surrounding Tate, processes for managing conflicts of interests and information about Tate. Appropriate training is also offered to Trustees, depending on need and experience.

Review of activities in 2008-09

A full review of activities is contained in the Annual Report on page 3.

Future developments

Tate's mission is to increase public knowledge and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Our strategy is designed to fulfil this mission. Over the next several years, the ambition is to realise this mission by pursuing the following:

- an ongoing sustained effort to build the Tate Collection systematically and strategically, with particular aims to:
 - reflect a more global account of emerging art, with continued emphasis on Latin America, Asia Pacific, Eastern Europe and new focus on Middle East, Africa and South Asia;
 - extend representation of avant-garde practice including photography, media and performance;
 - strengthen representation of female artists;

- an invigorated programme of research and scholarship across the range of Tate's activities to build the intellectual leadership of Tate, broaden Tate's sphere of vision and deepen Tate's knowledge in key areas linked to the Collection;
- a commitment to presenting excellent public programmes in and well beyond Tate's galleries, embracing different perspectives, consolidating its distinctive contemporary outlook and contributing to the development of the UK's regional arts and culture infrastructure;
- reaching out to a broader range of audiences, locally, regionally, nationally and internationally, by facilitating extraordinary experiences through Tate's programme, Collection and services. Particular areas of focus being to:
 - inspire young people from an early age;
 - grow UK audiences beyond the galleries via the *Tate Connects* partners programme;
 - collaborate with international partners on touring exhibitions;
 - build upon the success of Tate Online as a channel with worldwide reach;
 - enhance Tate's facilities and staff to create excellent audience experiences;
- leading in museum sustainability practice and embedding sustainability in Tate's working culture and practices.

The following supporting activities underpin this ambitious development plan:

- a number of building projects, including the ongoing development of Transforming Tate Modern, to ensure that Tate is best able to fulfil standards of visitor service and to maximise the impact of its display, exhibition, education and interpretation programmes;
- building and maintaining strong, long-term relationships with the artistic community, Tate's supporters, donors and funding bodies by:
 - recruiting high quality non-executives;
 - continuing Tate's ambitious fundraising programme, with particular focus on Transforming Tate Modern funding objectives, Tate Patrons, individual giving and a wide range of public funding;
 - better managing relationships via an integrated Customer Relationship Management system;
- building on the strengths of the people who work for Tate, ensuring Tate is resourced for the future and can continue to attract the highest calibre staff by:
 - clearly defining Tate's culture and embedding its values across the organisation via induction process and people policies reviews;
 - reviewing Tate's learning and development programme for staff at Tate;
 - investing in leadership and management development;
 - refining staff performance and development planning processes;
- ensuring efficiency and effectiveness through financial and operational rigour and further process improvements to reduce operating and overhead costs;
- generating revenue through Tate Enterprises, Tate Catering and Tate Media, in particular through the exploitation of intellectual property as well as physical assets and creative ideas.

Employee Involvement

Good communication is important between employees at all levels and Tate's aim is to give a sense of ownership and involvement for all those who work and contribute to the success of Tate. Tate operates a variety of formal and informal mechanisms to inform, engage and gather ideas and feedback from its employees.

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

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 divisional directors. This is enhanced by *Tate Staff Council* (TSC), which is a consultative body that brings together senior managers, elected employee representatives from all sections of Tate and trade union representatives.

Tate is interested in understanding how employees feel about working for Tate and undertakes an Employee Survey on a regular basis. Employees are encouraged to participate in these surveys as it helps to assess how Tate is performing as an employer and identify where improvements can be made. The last survey was carried out in 2006 and a further survey is planned for the coming year.

Improving communication and engagement within Tate's workforce is a priority and during 2009-10 Tate will be engaging a dedicated Internal Communications Manager to lead on this important area.

Disability and access

Tate's vision is to create a permeable institution, removing barriers to Tate's buildings, programmes and events and offering employment opportunities that are open to all. Tate's commitment to eliminating discrimination against disabled people and promote disability equality in a proactive way are set out in Tate's *Disability Equality Scheme* which was published in 2006. The aim of this scheme is to ensure that disability equality becomes a mainstream issue, which is considered in all key decisions made by the Board of Trustees, directors and managers and all staff. This relates both to the services offered to the public and staff, including employment.

Tate is committed to equality of opportunity for all its employees and potential employees, including people with disabilities and this commitment is embedded within all Tate's people policies and practices.

To monitor Tate's progress in this area, all those working for Tate are asked to provide diversity monitoring data. In March 2009 Tate employed thirty-two staff who consider themselves to have a disability, as defined by the Disability Discrimination Act.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 7.7 in 2008-09.

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 incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. These incidents are reported to the Information Commissioner's Office. There were no personal data related incidents to report in 2008-09.

Environmental Policy

Tate's vision is to become a leader in museum sustainability practice and to influence the entire sector towards more sustainable environmental practice.

Tate's new sustainability strategy was approved by the Trustees in September 2008, meaning that for the first time, sustainability is included in Tate's overall vision. The strategy affects all of Tate's work, from the way it manages its buildings to the way it arranges transportation and events.

Tate's priorities are to: embed sustainability into the working culture of Tate; support research and leadership on sustainability issues that affect the sector; and inspire change in its networks and visitors, supporting societal shifts to a more sustainable society.

Tate has a good track record of environmental improvements. Individual sites, under the guidance of Facilities Management, have implemented efficiency improvements, where possible. Since March 2008, Tate has commissioned a carbon footprint analysis with the assistance of The Carbon Trust. Tate has set high sustainable building standards for Transforming Tate Modern. It has appointed a Sustainability Task Force comprised of senior level staff from around the organisation, which meets monthly to direct its sustainability approach, as well as a Sustainability Delivery Team, which oversees project implementation. An external sustainability expert, Rachel Madan, was appointed on a full-time six month placement (April to September 2008), funded through the Arts Council Cultural Leadership Programme (CLP). A *Green Champions Network* and *Going Green* Intranet site are helping to educate, encourage and motivate staff at a grassroots level.

Social Policy

Increased and more meaningful engagement with its audiences and community partners is central to Tate's strategic plan. The traditional method of delivering community partnerships by museums in the United Kingdom has been through educational and outreach programmes.

Tate's strategy for regeneration and community partnerships seeks to involve communities and encourage partnerships across the whole of Tate's business and activities. The strategy places Tate in the centres of the areas in which the galleries are situated. Tate regards itself as being socially responsible for the impact a major visitor attraction and business has on its locality and seeks to become involved in the ongoing development of those areas. Tate's work involves a broad range of relationships with businesses, cultural bodies, as a local employer, with tourists and residents. Tate works in a variety of local, national and international partnerships and aims to connect communities and audiences across these areas.

Results for the year and financial position

A financial review is contained in the Annual Report on pages 7 and 8.

Reserves and funds carried forward of £807,826,000 (£578,661,000 in 2007-08) are:

	2009	2008
	£000	£000
Revaluation reserve	287,260	145,501
Capital reserves	256,057	252,091
Works of art reserves	236,407	150,333
Other designated reserves	14,837	18,704
General reserve	8,431	8,185
Endowment funds	3,832	3,366
Other restricted reserves	1,002	481
	<u>807,826</u>	<u>578,661</u>

For more details on reserves, please refer to note 14. For pensions accounting, please refer to note 1.

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 site on a long lease. Tate St Ives was constructed for and is owned by Cornwall County Council; the Board of Trustees of the Tate Gallery manages the gallery on behalf of Cornwall County Council. Tate Modern is held under a finance lease entered into in October 1998, the principal elements of which are described in note 18 to the accounts. The Trustees purchased the freehold of the Collection Store at Southwark on 31 March 1999.

Additions to tangible fixed assets during the year of £16,227,000 (£8,410,000 in 2007-08) comprise £14,597,000 in relation to buildings and leasehold improvements and £1,630,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £96,709,000 in the year (£68,437,000 in 2007-08) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £64,017,000 (£63,132,000 in 2007-08). All works of art acquired during the year have been capitalised in accordance with the HM Treasury Financial Reporting Manual, as detailed in note 8.

In accordance with Treasury requirements, with the exception of assets in the course of construction, long leasehold and other assets, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using indices supplied by HM Treasury, when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards; this results in a revaluation reserve which currently amounts to £287,260,000.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold in note 8 to the accounts.

In March 2006 Tate was awarded a £7 million grant from the London Development Agency to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment, work on which is now in progress. Of the £7 million grant, £6 million has been received to date. £1 million will be donated to aid cash flow and is ultimately repayable to the London Development Agency. This will enable Tate to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use. Herzog and de Meuron have been appointed to develop a design for a new building in this location with the objective to improve and extend visitor education and gallery facilities. See note 19.

Subsidiary undertakings

The results of Tate's trading subsidiary are summarised in note 9 to the financial statements, together with other consolidated companies.

Collection fund

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

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

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

At that time the Trustees decided to designate the funds as the Collection Fund. On designation £10 million was earmarked as a capital sum, the income from which will be used to purchase works of art to enhance the Collection. The balance of the fund will benefit the long-term care of the Collection including research, conservation and improving access to Tate's Collection Store in Southwark.

Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2008-09 54% (51% in 2007-08) of invoices were settled in 30 days or less.

Reserves policy

The Trustees annually review the reserves held. 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 £8,431,000, equivalent to eight weeks' worth of charitable expenditure, excluding capital. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 14.

Investments

The Trustees' investment policy has been under review since the autumn of 2008, following the turmoil in the financial markets. An Investment Committee has been formed and a revised investment policy will be implemented in 2009. The investment policy in place during 2008-09 was governed by the Trustees Act 2000 and its objective was to sustain fund growth at a level equal to or above inflation using a "medium risk" investment strategy and generating an annual real rate of return of 5%. This objective was to be achieved by investing through two third party investment managers, Coutts and TriAlpha Fund Managers, who advised on

the investment strategy required to meet the objective. TriAlpha Fund Managers provided hedge funds only, while Coutts provided a mixture of bonds, equities and hedge funds.

During 2008-09 Tate liquidated the hedge fund investments resulting in TriAlpha ceasing to act as an investment manager to Tate. The proceeds of the hedge fund sales are currently held as cash. During the year the investment funds lost 13% of their value.

Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2009 is £43,200 (£40,000 in 2007-08).

Signed

Sir Nicholas Serota
Director, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

Remuneration Report

Membership

The Trustee members of the Finance and Operations Committee act as the Remuneration Committee of the Board, advising on contractual terms and remuneration for the Director, Deputy Director, Chief Operating Officer and divisional directors on an annual basis. The members during the year were Helen Alexander, The Lord Browne of Madingley, Sir Howard Davies and Paul Myners.

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) sections 7.2.21 to 7.2.29, 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 Audit Committee have decided that this requirement encompasses the Director, the Deputy Director and the Chief Operating Officer, whose emoluments and pension details are disclosed.

Tate considers that no other key management staff details need to be disclosed under this guidance for 2008-09.

The following paragraphs have been subject to audit.

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

Salary entitlements	2008-09	2007-08
	£	£
Sir Nicholas Serota, Director	a 172,919	166,749
Alex Beard, Deputy Director	130,000	125,000
Julian Bird, Chief Operating Officer	110,000	b 79,038

a Includes a non-consolidated performance related bonus of £12,382;

b For the period from 30 June 2007; full year salary £105,000.

The Director, Deputy Director and Chief Operating Officer received no benefits in kind in the year (2007-08: nil).

	Accrued pension at end date at 31 March 2009 £	Real increase in pension at end date £	CETV at 31 March 2009 £	CETV at 31 March 2008 or start date £	Real increase in CETV £
Pension benefits					
Sir Nicholas Serota, Director					
Pension	56,908	1,463	1,301,000	1,228,000	31,000
Lump sum	170,724	4,388	–	–	–
Alex Beard, Deputy Director					
Pension	34,340	1,723	498,000	437,000	18,000
Lump sum	64,809	(463)	–	–	–
Julian Bird, Chief Operating Officer					
Pension	3,215	1,827	29,000	12,000	13,000
Lump sum	N/A	N/A	–	–	–

Sir Nicholas Serota, Alex Beard and Julian Bird are all members of the Civil Service defined benefit pensions scheme. As part of their membership, Sir Nicholas Serota contributes 1.5% and Alex Beard and Julian Bird contribute 3.5% of their annual salary to their pension.

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 years of pension service in the scheme at their own cost. CETVs are calculated in accordance with the occupational pensions scheme or transfer schemes (amendment) regulations 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 drawn.

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

CETV figures for 2007-08 have been restated due to a change in the basis of calculation.

The Board of Trustees of the Tate Gallery, who hold overall responsibility for Tate, are not remunerated. Expenses paid are disclosed in note 6 to the accounts.

Signed

Sir Nicholas Serota
Director, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

Statement Of Trustees' and Director's Responsibilities

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of account in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of Tate's financial activities during the year and of its financial position at the end of the 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 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 Department for Culture, Media and Sport has designated the Director as the Accounting Officer for Tate. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in Managing Public Money.

In so far as the Accounting Officer and Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Accounting Officer and Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed

Sir Nicholas Serota
Director, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

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

Statement on Internal Control

1 Scope of responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound system of internal control that supports the achievement of Tate's policies, aims and objectives, under the authority of the Board of Trustees, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities prescribed in Managing Public Money, and ensuring compliance with the requirements of the Financial Memorandum.

2 The purpose of the system of internal control

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.

3 Capacity to handle risk

Risk management is implicit in Tate systems and procedures. Risk is regularly considered and discussed at Director's Group meetings and appropriate action taken as necessary. Risk is discussed and reviewed by the Audit Committee, an advisory body consisting of Trustees and co-opted members, which met three times in the year. Risk is also regularly discussed and acted upon where necessary at a department head level.

4 The risk environment

The most significant risks facing Tate, as detailed in the risk register fall under four headings: financial, operational, regulatory and external. Measures have been put in place to mitigate these risks. The management of risk is embedded in policymaking, planning and delivery.

In 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;
- the forward plan, including the most significant risks, is reviewed and approved by the Trustees;
- performance against budget and objectives is regularly reviewed by the Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees;
- clearly defined capital investment procedures and formal project control disciplines.

The Director's group consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit Committee. The significant risks have all been assessed and scored for impact and probability and a mitigation policy has been formulated taking into consideration risk appetite. There are data handling controls in place that are currently under review with the aim of further improvement.

5 Review of effectiveness

The Accounting Officer and Trustees also have responsibility for reviewing the effectiveness of the system of internal control. This 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 internal control framework. Comments made by the external auditors in their management letter and other reports are also taken into account.

The Accounting Officer and Trustees have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Board and the Audit Committee.

The Board of Trustees has contracted the internal audit service, which operates to standards defined in the Government Internal Audit Standards, to RSM Bentley Jennison. 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 the internal audit plans are endorsed by the Audit Committee and approved by the Accounting Officer and Trustees. At least annually, the auditors provide a report on internal audit activity in Tate. The report includes the auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.

The system of internal control has been in place in Tate for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Signed

Sir Nicholas Serota
Director and Accounting Officer, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

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

I certify that I have audited the financial statements of Tate for the year ended 31 March 2009 under the Museums and Galleries Act 1992. These comprise the consolidated statement of financial activities, the consolidated balance sheet and Tate balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and auditor

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the annual report, which includes the remuneration report and the financial statements in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport directions made thereunder and for ensuring the regularity of financial transactions funded by Parliament. These responsibilities are set out in the statement of Trustees' and Director's responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport directions made thereunder. I report to you whether, in my opinion, the information, which comprises the annual report and the foreword, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

I read the other information, which comprises advisers and the unaudited part of the remuneration report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport, of the state of Tate's and the group's affairs as at 31 March 2009 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Media and Sport directions made thereunder; and
- information, which comprises the annual report and the foreword, is consistent with the financial statements.

Opinion on regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria

14 July 2009

London SW1W 9SS

Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Notes	Income and Expenditure			Capital		
		2008-09 Un- restricted funds £000	2008-09 Restricted funds £000	2008-09 Total funds £000	2008-09 Un- restricted funds £000	2008-09 Restricted funds £000	2008-09 Total funds £000
Incoming Resources							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		32,534	–	32,534	3,820	10,430	
– Donated works of art		–	–	–	–	–	
– Other voluntary income		4,286	3,907	8,193	–	5,256	
Activities for generating funds							
– Trading income	9	27,638	–	27,638	415	–	
– Other activities for generating funds		6,216	–	6,216	–	–	
Investment income	3	867	3	870	–	7,147	
<i>Incoming resources from charitable activities</i>	4	10,310	–	10,310	–	78	
<i>Other incoming resources</i>		636	–	636	–	–	
Total incoming resources		82,487	3,910	86,397	4,235	22,911	
Resources expended	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		2,172	366	2,538	64	12	
Fundraising trading: cost of goods sold and other costs							
– Trading costs		26,926	–	26,926	350	–	
– Other costs of generating funds		2,727	16	2,743	44	8	
Investment management costs		16	–	16	–	–	
<i>Charitable activities</i>		49,872	4,043	53,915	2,167	19,792	
<i>Governance costs</i>		658	–	658	–	2	
<i>Other resources expended</i>		636	–	636	–	–	
Total resources expended		83,007	4,425	87,432	2,625	19,814	
Net incoming/(outgoing) resources before notional costs	5	(520)	(515)	(1,035)	1,610	3,097	
Cost of capital	7	–	–	–	(7,869)	–	
Net incoming/(outgoing) resources after notional costs		(520)	(515)	(1,035)	(6,259)	3,097	
Reversal of notional costs		–	–	–	7,869	–	
Net incoming/(outgoing) resources before transfers		(520)	(515)	(1,035)	1,610	3,097	
Transfers between funds	14	766	509	1,275	(766)	–	
Net incoming/(outgoing) resources after transfers		246	(6)	240	844	3,097	
(Loss)/gain on investment assets	14	–	(18)	(18)	–	–	
Gain on revaluation of tangible fixed assets	14	–	–	–	21	141,763	
Net movement of funds		246	(24)	222	865	144,860	
Funds brought forward at 1 April 2008	14	8,185	149	8,334	27,504	370,088	
Funds carried forward at 31 March 2009		8,431	125	8,556	28,369	543,317	

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 29 to 46 form part of the accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2009 *(continued)*

2008-09 Un- restricted funds £000	Collections		2008-09 Un- restricted funds £000	Total		2008-09 Total funds £000	2007-08 Total funds £000
	2008-09 Restricted funds £000	2008-09 Total funds £000		2008-09 Restricted funds £000	2008-09 Endowment funds £000		
-	7,170	7,170	36,354	17,600	-	53,954	42,929
-	64,017	64,017	-	64,017	-	64,017	63,132
61	12,502	12,563	4,347	21,665	1,025	27,037	16,892
1,333	-	1,333	29,386	-	-	29,386	26,511
-	-	-	6,216	-	-	6,216	5,646
476	112	588	1,343	7,262	-	8,605	9,118
-	-	-	10,310	78	-	10,388	8,253
-	-	-	636	-	-	636	598
1,870	83,801	85,671	88,592	110,622	1,025	200,239	176,079
-	-	-	2,236	378	-	2,614	3,381
-	-	-	27,276	-	-	27,276	23,986
-	-	-	2,771	24	-	2,795	2,547
25	6	31	41	6	-	47	43
-	-	-	52,039	23,835	-	75,874	63,968
-	-	-	658	2	-	660	604
-	-	-	636	-	-	636	597
25	6	31	85,657	24,245	-	109,902	95,126
1,845	83,795	85,640	2,935	86,377	1,025	90,337	80,953
-	-	-	(7,869)	-	-	(7,869)	(7,573)
1,845	83,795	85,640	(4,934)	86,377	1,025	82,468	73,380
-	-	-	7,869	-	-	7,869	7,573
1,845	83,795	85,640	2,935	86,377	1,025	90,337	80,953
(2,009)	1,500	(509)	(2,009)	2,009	-	-	-
(164)	85,295	85,131	926	88,386	1,025	90,337	80,953
(2,309)	(70)	(2,379)	(2,309)	(88)	(559)	(2,956)	15
-	-	-	21	141,763	-	141,784	30,066
(2,473)	85,225	82,752	(1,362)	230,061	466	229,165	111,034
31,857	137,512	169,369	67,546	507,749	3,366	578,661	467,627
29,384	222,737	252,121	66,184	737,810	3,832	807,826	578,661

Consolidated Balance Sheet at 31 March 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	541,296	398,779
Heritage assets	8	237,783	141,074
Investments	3	16,131	26,644
		<u>795,210</u>	<u>566,497</u>
Current assets			
Tate Modern security deposit	18	126,579	124,852
Tate Modern funds	18	12,170	10,490
Stocks	9	2,555	2,460
Debtors and prepayments	10	7,980	21,109
Cash and liquid resources	11	19,397	9,927
		<u>168,681</u>	<u>168,838</u>
Creditors: amounts falling due within one year	12	(18,552)	(22,995)
Net current assets		<u>150,129</u>	145,843
Total assets less current liabilities		<u>945,339</u>	712,340
Creditors: amounts falling due after more than one year	12	(137,513)	(133,679)
Total assets less liabilities		<u>807,826</u>	<u>578,661</u>
Represented by:			
Restricted reserves	14	737,810	507,749
Unrestricted reserves			
Designated	14	57,753	59,361
General	14	8,431	8,185
Total funds		<u>803,994</u>	575,295
Endowments	14	3,832	3,366
Total funds		<u>807,826</u>	<u>578,661</u>

The financial statements on pages 24 to 46 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

The notes on pages 29 to 46 form part of the accounts

Tate Balance Sheet at 31 March 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	540,295	397,754
Heritage assets	8	237,783	141,074
Investments	3	19,626	30,139
		797,704	568,967
Current assets			
Tate Modern security deposit	18	126,579	124,852
Tate Modern funds	18	12,170	10,490
Debtors and prepayments	10	10,519	22,305
Cash and liquid resources	11	15,130	6,666
		164,398	164,313
Creditors: amounts falling due within one year	12	(15,809)	(20,387)
Net current assets		148,589	143,926
Total assets less current liabilities		946,293	712,893
Creditors: amounts falling due after more than one year	12	(137,513)	(133,679)
Total assets less liabilities		808,780	579,214
Represented by:			
Restricted reserves	14	737,800	507,737
Unrestricted reserves			
Designated	14	56,751	58,335
General	14	10,397	9,776
Total funds		804,948	575,848
Endowments	14	3,832	3,366
Total funds		808,780	579,214

The financial statements on pages 24 to 46 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

8 July 2009

Signed

The Lord Browne of Madingley
Chairman, Tate

8 July 2009

The notes on pages 29 to 46 form part of the accounts

Consolidated Cash Flow Statement for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Net cash inflow from operating activities	16(i)	42,451	7,545
<i>Returns on investments and servicing of finance</i>			
Interest received		9,733	8,842
Net cash inflow from returns on investments and servicing of finance		9,733	8,842
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(46,864)	(9,630)
Purchase of investments		(3,560)	(7,031)
Proceeds from sale of investments		11,105	6,205
Net cash outflow from capital expenditure		(39,319)	(10,456)
Management of liquid resources	16(ii)	(3,298)	(7,337)
(Decrease)/increase in cash	16(iii)	9,567	(1,406)

The notes on pages 29 to 46 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 2005 (the SORP), applicable accounting standards and the Government Financial Reporting Manual (the FReM). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Media and Sport, with the approval of Treasury.

Basis of consolidation

The Tate financial statements consolidate the results of Tate and its wholly-owned subsidiaries Tate Enterprises Limited, Tate Gallery Publishing Limited and Tate Gallery Projects Limited. A separate statement of financial activities or income and expenditure account for Tate is not presented, as Tate has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

Incoming resources

Incoming resources 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:

Voluntary income:

Grant in Aid from the Department for Culture, Media and Sport is recognised on receipt. Donated works of art are recognised as income based on an approximate value at the date of acceptance. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met. Legacies are accounted for on receipt.

Activities for generating funds:

Sponsorship income is recognised as income when the conditions for its receipt have been met.

Investment income:

Dividend and interest income is recognised on a receivable basis.

Incoming resources from charitable activities:

Admissions and other charitable income is recognised on a receivable basis.

Deferred income:

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

Resources expended

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

Costs of generating funds:

Comprises the costs associated with generating voluntary income, trading income and income raised from other activities.

Charitable activities:

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

Governance costs:

Comprises the costs of staff involved in governance (including legal and finance), as well as audit fees.

Support costs:

Comprises the costs of 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 6.

The Collection

In accordance with FRS15 – Tangible Fixed Assets, 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, where such a cost or value is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff.

Fixed assets

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

Tate	£10,000
Tate Enterprises Limited	£500

With the exception of assets in the course of construction, long leasehold and other assets, tangible fixed assets are stated at modified historic cost. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. The cost of land and buildings includes interest and fees paid as a result of financing arrangements for assets in the course of construction.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life. Following the formal revaluation in March 2009, the useful economic lives of the tangible fixed assets have been revised to the following:

Land	– not depreciated
Buildings	– 50 to 100 years
Plant and fit-out	– 5 to 25 years
Other	– 2 to 10 years

Investments

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

Stock

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

Cash and liquid resources

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

Foreign currencies

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

Finance and operating leases

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

The leasing agreement for Tate Modern (see note 18) transfers to the Trustees substantially all the benefits and risks of ownership of the asset and the asset is treated as though it has been purchased outright. The capital value of the leasing commitment is shown as obligations under finance leases. The asset is valued to reflect the values and lives of its individual components: land, buildings and plant.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which Tate is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £2,677,000 were payable to the PCSPS (2007-08 £2,818,000) at one of four rates in the range of 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10 the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £715,000 (£231,000 in 2007-08) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £152,000 (£135,000 in 2007-08), 0.8% 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.

Past and present employees are covered by the provisions of the PCSPS. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. Tate recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the department recognises the contributions payable for the year.

Tate Enterprises Limited operates money purchase pension schemes provided by Norwich Union and Scottish Equitable. 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 £186,000 were made in the year (2007-08 £259,000).

Fund accounting

Tate maintains general, designated, restricted and endowment funds as set out in note 14.

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 paid to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2009.

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 12. 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 available for sale since the funds are actively managed.

2. Incoming resources from generated funds

Voluntary income

	2009	2008
	£000	£000
Grant in Aid	53,954	45,929
Donated works of art	64,017	63,132
Lottery and other public funding		
Arts and Humanities Research Council	80	–
Arts Council	57	–
Department for Culture, Media and Sport	160	161
Department for Innovation, Universities and Skills	87	–
European Commission	32	–
European Regional Development Fund	82	64
London Development Agency	2,000	–
National Heritage Memorial Fund	5,721	–
South West Arts	–	6
Total Lottery and other public funding	8,219	231
Donations from connected charities	10,463	8,256
Other donations	8,355	8,405
	145,008	125,953
of which the following is taken to (see pages 24 and 25)		
Income and expenditure	40,727	39,429
Capital	19,506	6,323
Collections	83,750	77,201
Endowments	1,025	3,000

Grant in Aid received by Tate during the year amounted to £61,385,000, whereas only £53,954,000 has been recognised in Tate's accounts. National Galleries of Scotland benefited to the amount of £6,480,000 as the total consideration paid for *ARTIST ROOMS* resulted in a 50% share being owned by both Tate and National Galleries of Scotland; £333,000 was received by Tate and paid to NGS to reimburse them for accessioning and collection care costs relating to *ARTIST ROOMS* incurred in the year; the remaining balance has been deferred for spend in 2009-10 on the future accessioning and collection care costs relating to *ARTIST ROOMS*. The deferred portion will be split between Tate and NGS in proportion to which organisation incurs the costs.

Activities for generating funds

	2009	2008
	£000	£000
Trading	29,386	26,511
Sponsorship	4,561	4,360
Other activities for generating funds	1,655	1,286
	35,602	32,157
of which the following is taken to (see pages 24 and 25)		
Income and expenditure	33,854	30,735
Capital	415	486
Collections	1,333	936

Included in Sponsorship income is £380,000 of barter advertising (£530,000 in 2007-08), computed at estimated cost value.

3. Investments and investment income

	2009	2008
	£000	£000
Bank interest	7,735	8,369
Income on quoted investments	870	749
	8,605	9,118
of which the following is taken to (see pages 24 and 25)		
Income and expenditure	870	717
Capital	7,147	7,898
Collections	588	503

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

Investments total £16,131,000 (£26,644,000 in 2007-08).

	2008	Additions/ (disposals)	Realised and unrealised	2009
	Market value	in year	gains/(losses)	Market
	£000	£000	£000	value
				£000
Bank floating rate loan notes	5,004	(2,501)	–	2,503
Hedge funds	6,253	(5,182)	(1,071)	–
Investment portfolio:				
UK fixed interest	7,643	(438)	271	7,476
UK equities	4,898	581	(1,549)	3,930
Non-UK equities	2,591	(231)	(606)	1,754
UK money market deposits	255	214	(1)	468
Group investments total	26,644	(7,557)	(2,956)	16,131
Subsidiaries' issued share capital (at cost)				3,495
Tate investments total				19,626

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

4. Incoming resources from charitable activities

	2009 £000	2008 £000
Admissions	7,194	5,058
Other incoming resources from charitable activities	3,194	3,195
	10,388	8,253
The following is taken to (see pages 24 and 25)		
Income and expenditure	10,310	8,131
Capital	78	122

5. Net incoming resources

are stated after charging:

	2009 £000	2008 £000
Auditors' remuneration		
Comptroller and Auditor General	42	40
Subsidiaries – audit	30	29
Subsidiaries – taxation advice	4	3
Taxation advice	41	44
Operating lease rentals		
Land and buildings	419	212
Vehicles and equipment	61	61
Depreciation	14,883	6,347
Impairment of fixed assets	611	–
Loss on foreign exchange transactions	–	2

In addition, £1,200 was paid to the National Audit Office to audit the London Development Agency grant return and £30,600 was paid for taxation advice relating to capital projects.

6. Total resources expended

	Staff costs £000	Other direct costs £000	Support costs £000	Depreci- ation* £000	2009 Total £000	2008 Total £000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	833	1,039	666	76	2,614	3,381
Fundraising trading: cost of goods sold and other costs						
– Trading costs	10,003	16,923	–	350	27,276	23,986
– Other fundraising costs	1,926	360	457	52	2,795	2,547
Investment management costs	–	32	15	–	47	43
<i>Charitable activities</i>						
– Gallery activities	10,699	17,196	11,008	13,419	52,322	40,924
– Gallery operations	5,617	413	1,409	1,071	8,510	7,503
– Collections	4,940	1,575	1,059	526	8,100	8,358
– Lease cost	–	6,942	–	–	6,942	7,183
<i>Total charitable activities</i>	<u>21,256</u>	<u>26,126</u>	<u>13,476</u>	<u>15,016</u>	75,874	63,968
<i>Governance costs</i>	508	103	49	–	660	604
<i>Other resources expended</i>	429	–	207	–	636	597
Total resources expended	<u>34,955</u>	<u>44,583</u>	<u>14,870</u>	<u>15,494</u>	109,902	95,126

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

Direct costs of charitable activities include £6,942,000 (£7,183,000 in 2007-08) relating to the finance lease payment, which is offset by interest earned on the Tate Modern security deposit.

The Chairman and other Trustees received no remuneration; three Trustees (three in 2007-08) received reimbursement of travel and subsistence expenses and speakers' fees amounting to £1,772 in 2008-09 (£1,030 in 2007-08).

a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2009 Total £000	2008 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	54	52	87	465	8	666	563
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	37	36	60	319	5	457	435
Investment management costs	15	–	–	–	–	15	13
<i>Charitable activities</i>							
– Gallery activities	748	516	1,218	8,419	107	11,008	10,268
– Gallery operations	162	287	264	673	23	1,409	1,168
– Collections	174	245	285	330	25	1,059	1,517
<i>Total charitable activities</i>	<u>1,084</u>	<u>1,048</u>	<u>1,767</u>	<u>9,422</u>	<u>155</u>	13,476	12,953
<i>Governance costs</i>	49	–	–	–	–	49	42
<i>Other resources expended</i>	207	–	–	–	–	207	170
Total resources expended	<u>1,446</u>	<u>1,136</u>	<u>1,914</u>	<u>10,206</u>	<u>168</u>	14,870	14,176
Basis of allocation	expenditure	average FTE	expenditure	depreciation charge	expenditure		

b) Staff costs

	2009 £000	2008 £000
Wages and salaries	30,125	26,720
Pension costs	3,730	3,443
Social Security costs	2,370	2,113
Total employee costs	36,225	32,276
Agency staff costs	1,967	2,654
	38,192	34,930

In addition, £1,070,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2008-09 (£700,000 in 2007-08).

No employee received any taxable benefits in kind during the year.

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:

	2009	2008
	No.	No.
£60,000 – £64,999	7	4
£65,000 – £69,999	2	2
£70,000 – £74,999	2	1
£75,000 – £79,999	1	3
£80,000 – £84,999	2	–
£85,000 – £89,999	–	1
£90,000 – £94,999	–	3
£95,000 – £99,999	4	–
£100,000 – £104,999	–	1
£110,000 – £114,999	1	–
£125,000 – £129,999	1	1
£165,000 – £169,999	–	1
£170,000 – £174,999	1	–

All twenty-one staff earning more than £60,000 are members of a defined benefit pension scheme.

The average number of full-time equivalent (FTE) staff during the year was 1,315 (1,175 in 2007-08). Included within this total are 11 FTE staff on temporary contracts (10 in 2007-08) and 44 FTE staff on fixed-term contracts (37 in 2007-08).

The breakdown of average FTE staff by occupational group was:

	2009	2008
	No.	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	32	27
Fundraising trading: cost of goods sold and other costs		
– Trading	595	508
– Other	62	54
<i>Charitable activities</i>	604	564
<i>Governance costs</i>	5	5
<i>Other resources expended</i>	17	17
	<u>1,315</u>	<u>1,175</u>

No people retired early on ill-health grounds (nil in 2007-08); the total additional accrued pension liabilities to PCSPS in the year amounted to nil (nil in 2007-08).

7. Notional costs

Notional cost of capital is £7,869,000 (£7,573,000 in 2007-08), calculated as 3.5% of the average qualifying capital employed by Tate in the year. Qualifying capital excludes donated assets (including assets funded by donations), works of art, the designated and restricted Collection and acquisitions funds (including endowments) and the net Tate Modern finance lease creditor.

8. Fixed assets

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Other	Total tangible assets	Heritage assets – works of art
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2008	119,858	44,162	19,720	15,163	75,637	138,725	12,674	425,939	141,074
Additions at cost	–	426	1,138	13,227	554	–	882	16,227	96,709
Valuation of assets	(21,168)	4,118	1,793	–	7,841	119,657	(980)	111,261	–
Value at 31 March 2009	98,690	48,706	22,651	28,390	84,032	258,382	12,576	553,427	237,783
Depreciation at 1 April 2008	–	2,954	1,390	–	11,745	–	11,071	27,160	–
Charge for the year	–	556	235	–	5,729	7,562	801	14,883	–
Valuation of assets	–	(2,716)	(1,608)	–	(17,046)	(7,562)	(980)	(29,912)	–
Depreciation at 31 March 2009	–	794	17	–	428	–	10,892	12,131	–
Net book value at 31 March 2009	98,690	47,912	22,634	28,390	83,604	258,382	1,684	541,296	237,783
Net book value at 1 April 2008	119,858	41,208	18,330	15,163	63,892	138,725	1,603	398,779	141,074

Tate	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Other	Total tangible assets	Heritage assets – works of art
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2008	119,858	43,366	19,720	15,163	75,637	138,725	7,863	420,332	141,074
Additions at cost	–	426	1,138	13,227	554	–	556	15,901	96,709
Valuation of assets	(21,168)	4,118	1,793	–	7,841	119,657	–	112,241	–
Value at 31 March 2009	98,690	47,910	22,651	28,390	84,032	258,382	8,419	548,474	237,783
Depreciation at 1 April 2008	–	2,171	1,390	–	11,745	–	7,272	22,578	–
Charge for the year	–	545	235	–	5,729	7,562	462	14,533	–
Valuation of assets	–	(2,716)	(1,608)	–	(17,046)	(7,562)	–	(28,932)	–
Depreciation at 31 March 2009	–	–	17	–	428	–	7,734	8,179	–
Net book value at 31 March 2009	98,690	47,910	22,634	28,390	83,604	258,382	685	540,295	237,783
Net book value at 1 April 2008	119,858	41,195	18,330	15,163	63,892	138,725	591	397,754	141,074

In accordance with Treasury requirements, with the exception of assets in the course of construction, long leasehold and other assets, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using indices supplied by HM Treasury, when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. Specialised property is valued at depreciated replacement cost and non-specialised property at market value for existing use.

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

The financial effect of revaluing other fixed assets of £1,684,000 was considered to be immaterial and therefore they have been disclosed at their historical cost value.

The net book value at 31 March 2009 represents fixed assets for:

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Other	Total tangible assets – £000	Heritage assets – works of art £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	98,690	47,910	22,634	28,390	83,604	258,382	685	540,295	237,783
Other activities	–	2	–	–	–	–	999	1,001	–
	98,690	47,912	22,634	28,390	83,604	258,382	1,684	541,296	237,783

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

9. Subsidiaries

The Board of Trustees of the Tate Gallery owns the whole of the issued share capital of Tate Enterprises Limited (comprising 3,495,320 ordinary shares of £1 each), Tate Gallery Publishing Limited (comprising 100 ordinary shares of £1 each) and Tate Gallery Projects Limited (comprising 100 ordinary shares of £1 each).

Tate Enterprises Limited

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

The figures below are taken from the Tate Enterprises Limited accounts. The business comprises the publishing, retail, catering and education operations of Tate.

	2009 £000	2008 £000
Fixed assets	1,001	1,026
Current assets	8,526	7,233
Current liabilities	(6,996)	(5,328)
Net assets	2,531	2,931
Capital and reserves	2,531	2,931
	2,531	2,931

Current assets include stock of £2,555,000, comprising: work in progress £106,000; finished goods and goods for resale £2,449,000 (£2,460,000, comprising: work in progress £151,000; finished goods and goods for resale £2,309,000 in 2007-08).

	2009 £000	2008 £000
Turnover	31,134	28,788
Cost of sales	(15,105)	(16,087)
Gross profit	16,029	12,701
Administrative expenses	(12,740)	(11,289)
Trading profit	3,289	1,412
Interest receivable	114	168
Net contribution	3,403	1,580

The net contribution consists of £3,318,000 from publishing and retail operations and £199,000 from education and media services, before offsetting a deficit from catering operations of £114,000. Turnover includes £1,416,000 of sales to Tate. Administrative expenses include £248,000 of expenditure recharged by Tate.

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 fund-raising and project management in respect of the Tate Modern development project. Net assets have decreased by £1,074 to £10,186 in the year.

10. Debtors

	Group		Tate	
	2009	2008 (restated)	2009	2008 (restated)
	£000	£000	£000	£000
Trade debtors	3,851	4,382	2,785	3,260
Amounts due from group companies	–	–	3,920	2,455
Amounts due from Central Government Accounts bodies	1,643	1,465	1,643	1,465
Other debtors	653	11,193	637	11,180
Prepayments and accrued income	1,833	4,069	1,534	3,945
	<u>7,980</u>	<u>21,109</u>	<u>10,519</u>	<u>22,305</u>

The VAT debtor is now included under *amounts due from Central Government Accounts bodies* and the prior year has been restated for comparative purposes.

11. Cash and liquid resources

	Group		Tate	
	2009	2008	2009	2008
	£000	£000	£000	£000
held at/in:				
Office of the Paymaster General	11,915	1,371	11,915	1,371
Floating rates	7,403	7,828	3,098	4,931
Cash and non-interest-bearing accounts	79	728	117	364
	<u>19,397</u>	<u>9,927</u>	<u>15,130</u>	<u>6,666</u>

Reconciliation to liquid resources (see note 16(iii))

	2009	2008
	£000	£000
Floating rates	7,403	7,828
Funds held in interest-bearing current or call accounts	(637)	(965)
Fixed asset investments held in "cash"	–	12
Liquid resources (funds held on deposit)	6,766	6,875

12. Creditors: amounts falling due within one year

	Group		Tate	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade creditors	3,058	4,053	1,943	2,895
Amounts due to group companies	–	–	387	384
Amounts due to Central Government Accounts bodies	679	230	679	230
Taxation and social security	1,104	1,150	546	505
Other creditors	1,547	1,883	1,002	1,612
Accruals	6,604	6,653	5,694	5,738
Deferred income	2,429	3,980	2,427	3,977
Obligations under finance lease (note 18)	3,131	5,046	3,131	5,046
	18,552	22,995	15,809	20,387

Creditors: amounts falling due after more than one year

	Group		Tate	
	2009	2008	2009	2008
	£000	£000	£000	£000
Obligations under finance lease (note 18)	137,513	133,679	137,513	133,679

Deferred income

	Group		Tate	
	2009	2008	2009	2008
	£000	£000	£000	£000
Deferred income brought forward	4,094	1,927	4,094	1,915
Released in year	(3,903)	(1,927)	(3,903)	(1,915)
Deferred in year	2,433	4,094	2,430	4,094
Deferred income carried forward	2,624	4,094	2,621	4,094

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

13. Operating leases

At 31 March 2009 Tate had annual commitments under non-cancellable leases as follows:

Group	Land and	Other	2009	2008
	buildings			
	£000	£000	£000	£000
Operating leases expiring within				
Two to five years	83	61	144	127
More than five years	336	–	336	286
	<u>419</u>	<u>61</u>	<u>480</u>	<u>413</u>
Tate	Land and	Other	2009	2008
	buildings			
	£000	£000	£000	£000
Operating leases expiring within				
Two to five years	–	61	61	61
More than five years	336	–	336	286
	<u>336</u>	<u>61</u>	<u>397</u>	<u>347</u>

14. Statement of funds

Group	Opening funds £000	Transfers £000	Income £000	Expen- diture £000	Gain on revaluation £000	Loss on Investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	13,153	–	1,394	–	–	–	14,547
Buildings and equipment	27,504	(766)	4,235	(2,625)	21	–	28,369
Collection fund	18,704	(2,009)	476	(25)	–	(2,309)	14,837
	<u>59,361</u>	<u>(2,775)</u>	<u>6,105</u>	<u>(2,650)</u>	<u>21</u>	<u>(2,309)</u>	57,753
<i>General funds</i>	<u>8,185</u>	<u>766</u>	<u>82,487</u>	<u>(83,007)</u>	<u>–</u>	<u>–</u>	8,431
Total unrestricted funds	<u>67,546</u>	<u>(2,009)</u>	<u>88,592</u>	<u>(85,657)</u>	<u>21</u>	<u>(2,309)</u>	66,184
Restricted							
Tate Modern development	109,378	–	7,152	(14,632)	–	–	101,898
Buildings and equipment	115,209	–	15,759	(5,182)	4	–	125,790
Revaluation reserve	145,501	–	–	–	141,759	–	287,260
Works of art	137,180	1,000	83,680	–	–	–	221,860
Acquisition trust funds	332	500	121	(6)	–	(70)	877
Other funds	149	509	3,910	(4,425)	–	(18)	125
	<u>507,749</u>	<u>2,009</u>	<u>110,622</u>	<u>(24,245)</u>	<u>141,763</u>	<u>(88)</u>	737,810
Endowments	<u>3,366</u>	<u>–</u>	<u>1,025</u>	<u>–</u>	<u>–</u>	<u>(559)</u>	3,832
Total funds	<u>578,661</u>	<u>–</u>	<u>200,239</u>	<u>(109,902)</u>	<u>141,784</u>	<u>(2,956)</u>	807,826
Tate							
	Opening funds £000	Transfers £000	Income £000	Expen- diture £000	Gain on revaluation £000	Loss on Investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	13,153	–	1,394	–	–	–	14,547
Buildings and equipment	26,478	(766)	3,909	(2,275)	21	–	27,367
Collection fund	18,704	(2,009)	476	(25)	–	(2,309)	14,837
	<u>58,335</u>	<u>(2,775)</u>	<u>5,779</u>	<u>(2,300)</u>	<u>21</u>	<u>(2,309)</u>	56,751
<i>General funds</i>	<u>9,776</u>	<u>766</u>	<u>58,116</u>	<u>(58,261)</u>	<u>–</u>	<u>–</u>	10,397
Total unrestricted funds	<u>68,111</u>	<u>(2,009)</u>	<u>63,895</u>	<u>(60,561)</u>	<u>21</u>	<u>(2,309)</u>	67,148
Restricted							
Tate Modern development	109,366	–	7,151	(14,629)	–	–	101,888
Buildings and equipment	115,209	–	15,759	(5,182)	4	–	125,790
Revaluation reserve	145,501	–	–	–	141,759	–	287,260
Works of art	137,180	1,000	83,680	–	–	–	221,860
Acquisition trust funds	332	500	121	(6)	–	(70)	877
Other funds	149	509	3,910	(4,425)	–	(18)	125
	<u>507,737</u>	<u>2,009</u>	<u>110,621</u>	<u>(24,242)</u>	<u>141,763</u>	<u>(88)</u>	737,800
Endowments	<u>3,366</u>	<u>–</u>	<u>1,025</u>	<u>–</u>	<u>–</u>	<u>(559)</u>	3,832
Total funds	<u>579,214</u>	<u>–</u>	<u>175,541</u>	<u>(84,803)</u>	<u>141,784</u>	<u>(2,956)</u>	808,780

Fair value reserve (investments) – movements

	As at 1 April 2008 £000	Unrealised losses under fair value £000	Realised losses under fair value £000	As at 31 March 2009 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
Unrestricted						
<i>Designated</i>						
Collection fund	2,216	(2,272)	(37)	(93)	14,930	14,837
Total unrestricted funds	2,216	(2,272)	(37)	(93)	14,930	14,837
Restricted						
Acquisition trust funds	37	(17)	(54)	(34)	911	877
Other funds	17	(18)	–	(1)	126	125
	54	(35)	(54)	(35)	1,037	1,002
Endowments	279	(324)	(234)	(279)	4,111	3,832
Total funds	2,549	(2,631)	(325)	(407)	20,078	19,671

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. The Collection fund comprises three elements: *JMW Turner Collection Fund*; *JMW Turner Scholarship*; *Collection Support*. On designation, £10 million was earmarked as capital and created the *JMW Turner Collection Fund*, £1 million was designated *JMW Turner Scholarship* and £7 million was designated for *Collection Support*. The income from the *JMW Turner Collection Fund* will be used to purchase works of art. *JMW Turner Scholarship* and *Collection Support* will be used to benefit the long-term care of the Collection, including research, conservation and improving access to Tate's Collection Store in Southwark.

General funds

Funds available for general use.

Restricted funds

Funds restricted for particular purposes either by the wishes of the donor or by the nature of the fund-raising appeal.

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

- *Tate Modern development* – funds raised from the Millennium Commission, English Partnerships, Southwark Borough Council, private and corporate donors towards the redevelopment of Bankside Power Station as Tate Modern.
- *Buildings and equipment* – the value of Tate's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals; also, restricted funds, including money from lottery and other public sources, raised specifically for and applied to the purchase of equipment and building works.
- *Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost. The reserve applies to both restricted and unrestricted assets, but all of the reserve is restricted.
- *Works of art* – restricted funds, including money from the Heritage Lottery Fund, raised specifically for and applied to the purchase of works of art together with all donated works of art since 1 April 2001.

- *Acquisition trust funds* – a number of restricted trust funds for the purchase of works of art for the Collection, including:
 - *Knapping Fund* – for the purchase for exhibition in England, Scotland and Wales of paintings in any medium, or sculpture, by artists of any nationality living at or within twenty-five years of the time of purchase.
 - *Abbott Bequest* – for the purchase of pictures and drawings by D G Rossetti or his contemporaries.
 - *Millwood Fund* – for the purchase of English pictures for Tate Modern.
 - *ARTIST ROOMS Fund* – for the purchase of works of art for the ARTIST ROOMS collection.
- *Other restricted funds:*
 - *Shenkman Fund* – to pay for commissions of works of art at Tate Modern Restaurant.
 - 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:

- *Gytha Trust* – expendable endowment for purchases for the Collection. The capital portion of this endowment can be spent at the Trustees' discretion.
- *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.
- *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.

A transfer of £766,000 was made between the unrestricted designated *buildings and equipment* reserve and unrestricted *general funds*. This transfer arises from timing differences on major capital projects. In prior years general reserves had been used to fund the cash flow requirements of these projects. In the current year cumulative funds received exceeded cumulative expenditure on major capital projects resulting in a transfer back to general reserves of £766,000.

The Trustees approved the following three transfers from the unrestricted designated *collection fund* reserve: £1 million towards Rubens's sketch for the banqueting house ceiling, which is included within the restricted *works of art* reserve; £500,000 towards the *ARTIST ROOMS* fund, which is included within the restricted *acquisition trust funds* reserve; £509,000 to the restricted *other funds* reserve being £300,000 to fund the development of additional art storage facilities at Dean Hill and a further £209,000 to fund acquisitions initially funded from general trading income.

15. Analysis of net assets between funds

Funds balances at 31 March 2009 are represented by:

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2009 £000	Total 2008 £000
Tangible assets	28,369	512,927	–	541,296	398,779
Heritage assets	14,547	223,236	–	237,783	141,074
Investments	12,830	686	2,615	16,131	26,644
Net current assets	10,438	138,474	1,217	150,129	145,843
Long term creditors	–	(137,513)	–	(137,513)	(133,679)
Total net assets	<u>66,184</u>	<u>737,810</u>	<u>3,832</u>	<u>807,826</u>	<u>578,661</u>

Tate	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2009 £000	Total 2008 £000
Tangible assets	27,368	512,927	–	540,295	397,754
Heritage assets	14,547	223,236	–	237,783	141,074
Investments	16,325	686	2,615	19,626	30,139
Net current assets	8,908	138,464	1,217	148,589	143,926
Long term creditors	–	(137,513)	–	(137,513)	(133,679)
Total net assets	<u>67,148</u>	<u>737,800</u>	<u>3,832</u>	<u>808,780</u>	<u>579,214</u>

16. Cash flow information

(i) Reconciliation of operating surplus to net cash inflow from operating activities

	2009 £000	2008 £000
Net incoming resources	90,337	80,953
Investment income	(9,733)	(8,842)
Depreciation	14,883	6,347
Impairment of fixed assets	611	–
Donations of works of art	(64,017)	(63,132)
(Increase)/decrease in stocks	(95)	346
Decrease /(increase) in debtors	13,129	(11,747)
(Decrease)/increase in creditors	(2,664)	3,620
Net cash inflow from operating activities	<u>42,451</u>	<u>7,545</u>

(ii) Reconciliation of net cash flow to movement in funds

	2009 £000	2008 £000
Increase/(decrease) in cash in the year	9,567	(1,406)
Cash flow from management of liquid resources	3,298	7,337
Change in funds resulting from cash flows	12,865	5,931
Net funds at 1 April 2008	145,281	139,350
Net funds at 31 March 2009	<u>158,146</u>	<u>145,281</u>

(iii) Analysis of movement in funds

	2008 £000	Cash flow £000	2009 £000
Tate Modern security deposit	124,852	1,727	126,579
Tate Modern funds	10,490	1,680	12,170
Liquid resources	6,875	(109)	6,766
	<u>142,217</u>	<u>3,298</u>	<u>145,515</u>
Cash	3,064	9,567	12,631
	<u>145,281</u>	<u>12,865</u>	<u>158,146</u>

(iv) Material non-cash transactions

	2009 £000	2008 £000
Donations of works of art	64,017	63,132

17. Capital commitments

Financial commitments were as follows:

	2009	2008
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	6,096	1,133
Acquisition of works of art contracted for, but not provided in the accounts	2,358	2,788

18. Tate Modern finance leasing structure

The Board of Trustees of the Tate Gallery (Tate) has a finance lease arrangement for the development of Tate Modern at Bankside, the principal elements of which are described below.

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 (NWPI) on 28 October 1997 for a premium of £11,385,000.

NWPI commissioned TGPL to undertake the development of Bankside Power Station as the site of Tate Modern to a specification determined by Tate. The costs of construction were borne by TGPL and recovered from NWPI in accordance with an agreed payment schedule.

Tate entered into a 105-year lease of the site of Bankside Power Station from NWPI on 28 October 1997. Under the terms of the lease Tate commenced the payment of rent over a 35-year primary rental period on 1 October 2000. The level of rental payments takes account of NWPI's investment in the property and interest charges accruing thereto. At the end of 2008-09 there were 93 years remaining on the lease.

Under the terms of the lease, Tate is obliged to hold a cash sum equivalent to 90% of the present value of its future rental and interest obligations as security for the performance of these obligations. This sum is described as Tate Modern security deposit on pages 26 and 27 to the accounts and is subject to a charge in favour of NWPI. At the year end the deposit was £138,749,000 (2007-08 £135,342,000); 90% of the present value would be £126,579,000 (2007-08 £124,852,000), the balance of £12,170,000 (2007-08 £10,490,000) being referred to as Tate Modern funds on the balance sheet.

The rental obligations to which Tate is committed are:

	2009	2008
	£000	£000
In one year or less	3,131*	5,046*
Between one and two years	10,744	10,372
Between two and five years	34,602	33,403
Over five years	398,162	407,831
	<u>446,639</u>	<u>456,652</u>

*restated to reflect current interest rates

The Tate Modern security deposit is financed by donations to the Tate Modern project from, inter alia, the Millennium Commission, the Urban Regeneration Agency ('English Partnerships'), and a number of private sector donors.

The finance lease structure secured a number of benefits to the project including improved project cash flow and the recovery of all input VAT on development expenditure.

Tate Modern is held under a finance lease and previously was revalued annually based on the present value of Tate's current obligations under the lease (£138,725,000 in 2007-08). Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant, totalling £258,382,000. The asset continues to be shown as long leasehold in note 8 to the accounts.

Tate will meet the lease obligations out of revenue including interest accruing to the Tate Modern security deposit. The lease agreement includes options to commute future rental obligations at various points in the primary rental period.

During the year the lease finance charge was £6,942,000 (£7,183,000 in 2007-08).

19. Contingent liabilities

London Development Agency grant

In March 2006 Tate was awarded a grant of up to £7 million from the London Development Agency (LDA) to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment. This will enable Tate to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use as part of a further development at Tate Modern. The grant is being utilised to reimburse EDF Energy for the costs of the works required to free the land for surrender.

The grant is payable in instalments, with £6 million paid so far, and is conditional on Tate meeting set criteria by certain dates. As part of the agreement the LDA has taken a charge over part of the Tate Modern site. If the criteria are not met the grant must be repaid or the land subject to the charge passed over to the LDA. The key criteria are that Tate must obtain planning consent for the development by 30 June 2009 and the work must be completed by 31 December 2016. Planning consent has now been obtained.

There are no other contingent liabilities.

20. Related party transactions

Tate is a Non-Departmental Public Body whose parent department is the Department for Culture, Media and Sport (DCMS). The 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 arms length with the 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: Helen Alexander is a director and chairperson of Tate Enterprises Limited; Melanie Clore was a Trustee of Tate Foundation; Professor David Ekserdjian is the National Gallery Liaison Trustee to the Tate Board of Trustees; Patricia Lankester is the Tate Liaison Trustee to the National Gallery Board of Trustees; Paul Myners was a Trustee and Chairman of Tate Foundation; Franck Petitgas is a Trustee and Chairman of Tate Foundation; Monisha Shah is a director of Tate Enterprises Ltd.

Two works by Jeremy Deller were added to the Collection in 2008-09, as follows:

- A portfolio of prints, *The House of Fairy Tales*, including *Mari's Taxi* created by Jeremy Deller in collaboration with Alan Kane, was purchased from the charity House of Fairy Tales. There was no direct financial benefit to any of the artists who produced the works;
- The Cranford Collection, a third party private foundation, donated Jeremy Deller's *The History of the World* to the Collection, with no financial benefit accruing to the artist.

Sir Nicholas Serota is a director of Tate Foundation and since April 2006 has been a member of the Olympic Delivery Authority. Alex Beard and Julian Bird are directors of Tate Enterprises Limited.

During the year Tate Members made donations to Tate of £5,390,800 (£5,358,890 in 2007-08) and reimbursed Tate for staff costs and finance and ticketing charges totalling £803,677 (£734,418 in 2007-08). At the year end, debtors included £1,301,000 (£1,609,000 in 2007-08) and creditors included nil (£302,000 in 2007-08) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £4,023,957 (£2,920,593 in 2007-08) and reimbursed Tate for staff costs totalling £218,816 (£185,279 in 2007-08). Although Tate Foundation does not reimburse Tate for support costs, it estimated those costs during the year to be £69,199 (£58,000 in 2007-08). At the year end, debtors included £274,000 (£302,000 in 2007-08) in respect of Tate Foundation.

During the year the American Fund and American Patrons made donations to Tate of £1,187,676 (£1,670,885 in 2007-08). At the year end, debtors included nil (£4,000 in 2007-08) and creditors included £174,000 (£67,000 in 2007-08) in respect of the American Fund.

21. Financial instruments

As a significant proportion of the cash requirements of the charity are met through Grant in Aid received from the Department for Culture, Media and Sport, 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 £4,240,000 representing trade debtors (2007-08 £4,961,000), 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 £223,000 (2007-08 £238,000).

Cash is held by Tate's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 11.

Liquidity risk

Tate manages liquidity risk through its reserves policy. Tate does not make use of long-term debt or borrowing facilities, with the exception of the Tate Modern finance lease (the details of which are set out in note 18). As a result it is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

Market risk

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 18. Excluding interest earned on the Tate Modern security deposit, which is used to offset the finance lease payment, interest and investment income represents 0.3% of the total incoming resources for Tate (2007-08 0.3%). Tate is therefore not exposed to significant interest or investment risk.

Foreign currency risk

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

22. Post balance sheet events

There are no material post balance sheet events.

The annual report and accounts were approved by the Accounting Officer and Trustees on 8 July 2009 and authorised for issue on 14 July 2009.



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-296216-1

