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National Maritime Museum Annual Report and Accounts 2007-2008

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008**

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TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2008

MUSEUM BACKGROUND

The National Maritime Museum (NMM) is the largest maritime museum in the world. Entry to Museum sites at Greenwich is free but charges are made for special exhibitions. It is open 362 days a year, and in 2007-'08 it welcomed more than 1.7 million visitors from across the world, its website attracted nearly 10 million users, over 10 thousand collections related and subject enquiries were answered, and some 289 thousand learners participated in educational programmes. The Museum receives funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport (DCMS), with additional income derived from trading activity and sponsorship.

History and Collection

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

The Museum is unique in the architectural significance and setting of its main buildings. The 17th-century Queen's House, designed by Inigo Jones and probably the most important early classical building in England, is the keystone of the historic 'park and place' landscape of maritime Greenwich, which was designated a UNESCO World Heritage Site (WHS) in 1997. Flamsteed House (1675-76), the original part of the Royal Observatory, was designed by Sir Christopher Wren and was the first purpose-built scientific research facility in Britain.

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

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

The Museum has the most important holdings in the world on the history of Britain at sea comprising more than 2 million items, including maritime art (both British and 17th-century Dutch), cartography, manuscripts including official public records, ship models and plans, scientific and navigational instruments, instruments for time-keeping and astronomy (based at the Observatory). Its British portraits collection is exceeded in size only by that of the National Portrait Gallery and its holdings relating to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and abroad. Through its displays, exhibitions and outreach programmes the Museum also explores our current

relationship with the sea and the future of the sea as an environmental force and resource. By virtue of its pairing with the Royal Observatory, the Museum enjoys a unique conjunction of subjects (History, Science, Arts), enabling it to trace the movement and accomplishments of people and the origins and consequences of empire. The outcome of the Museum's work is to achieve, for all its users at home and overseas, a greater understanding of British economic, cultural, social, political and maritime history and its consequences in the world today.

MISSION, RESPONSIBILITIES, OBJECTIVES AND VALUES

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

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

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

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

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

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

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

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

1. CHAIRMAN'S FOREWORD

2007-'08 was a remarkable year in the Museum's progress. It began in May 2007 when Her Majesty The Queen, accompanied by our Patron, HRH The Duke of Edinburgh opened the Time and Space development at the Royal Observatory, Greenwich (ROG). The project has completely revitalized the ROG site making it now totally accessible to our visitors. Its unique interest for so many people coming to this World Heritage Site has played a major part in the excellent performance of the Museum as a whole over the year.

We have also been very pleased this year to welcome Dr Kevin Fewster to the role of Director. Dr Fewster has been Director of the Powerhouse Museum, Australia's largest museum, for the past seven years. He is a significant figure in the international maritime museum community and a published historian and we look forward to the changes he is bringing which will help to put the Museum at the forefront for major exhibitions on the London and international scene.

This time last year I wrote, *"Trustees are considering the plans under progress for the paper and research collections here in Greenwich. The proposed facility, its surrounding programmes, and its vitally important digital strategy, will play the key role in the development of the National Maritime Museum as a truly global name and resource and will be our next funding challenge."* In March 2008 we were delighted to announce the Museum had received confirmation of a future donation of £20m towards the creation of this major new facility. This most substantial gift has been made by the shipping magnate and philanthropist Sammy Ofer to whom the Museum is immensely grateful. Trustees agreed that the new wing will be named in his honour.

The £35 million project will play a key role in driving the Museum's strategic vision going forward, enabling it to make a quantum leap in illustrating how Britain's relationship with the sea has fundamentally shaped histories, cultures, economies, and identities across the globe. It will transform the Museum's capacity to develop and engage with a new generation of audiences, both on site and online. The custom-designed exhibition spaces and highly accessible archives will drive a step change in the way the Museum present its collections and exhibition programme to an ever-growing volume of visitors, both from within the UK and internationally. Coupled with support from the Department for Culture Media and Sport, the Wing is programmed to open with a significant new exhibition in 2012 – the year we host the equestrian Olympics here in Greenwich.

The year was also a milestone for the Museum and its Patron - we celebrated His Royal Highness The Duke of Edinburgh's sixtieth year of involvement with the National Maritime Museum. June 1948 saw the appointment of Prince Philip to the Board of Trustees. In the years since then His Royal Highness has, first as Trustee, then as Senior Trustee and from 2000 as Patron, given the Museum the great benefit of his constant and extraordinarily active support on many fronts.

As the Prime Minister, Gordon Brown said, 'Our maritime story is Britain's national story'. That story is of profound importance to us all but it would not be possible for the Museum to explore this narrative without the support of our many stakeholders and sponsors who this year again are at the heart of our success. The Trustees are very pleased to thank all of you for your dedication to the future of the Museum.

My fellow Trustees and I are also deeply appreciative of the hard work of everyone - staff, executive, management and volunteers - at the NMM which provides such a stimulating and inspirational 'campus of museums' for our many visitors from all over the world.

We have an exciting future working together – please turn to page 25 for a statement of our Strategic Priorities and Projects over the coming years.

Lord Sterling
Chairman of the Board of Trustees

2. DIRECTOR'S INTRODUCTION

I joined the National Maritime Museum in September 2007 and my first statement must be to thank Dr Margarete Lincoln, the Deputy Director and the Executive, Management and Staff for welcoming me with such a well-operated museum ready and willing to accept the changes in emphasis I will be pursuing.

It is very pleasing to report that in the financial year 2007-'08 the Museum met or exceeded all targets agreed with DCMS in the 2005-'08 Funding Agreement:
Total user numbers were a record at 11.5m; visitor numbers on-site were a record 1.78m, including the Royal Observatory passing 1 million visitors for the first time ever; Web user visits were the highest ever at 9.7m; Child visits were the highest recorded at 377k; Commercial revenues performed well ahead of budget projections and the Museum's revenue Grant-in-Aid per visitor at £8.69 was the lowest ever achieved.

The newly developed ROG and Peter Harrison Planetarium has been much enjoyed and admired by the visiting public. The new planetarium gives the public a vehicle for learning and understanding more about the universe and the science of contemporary astronomy than has ever been possible before. In its 12 months of operation to date the Planetarium has been visited by over 80,000 people of all ages (and from all over the world) all of whom will have seen at least one of our programmes introduced by our on-site astronomers. Moreover, and in addition to these visitor numbers, over 4,200 schoolchildren have already received direct teaching sessions as part of the Museum's planetarium programming for schools. The ROG's new development has won two prestigious architectural awards given for buildings that have high architectural standards and make a substantial contribution to the local environment – a Civic Trust Award and a Royal Institute of British Architects (RIBA) award. We are very pleased that our high standards have been recognized in this way.

There is a demanding period ahead as we work to implement the Sammy Ofer Wing project whilst maintaining our high standards of public offer and core responsibilities as well as planning for hosting the Equestrian Events of the 2012 Olympics. The key contribution to delivering these very significant projects and in moving to different methods of working over the coming years is made by the staff and management and I am very grateful for their hard work and commitment to the Museum.

Kevin Fewster
Director and Accounting Officer

3. REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE 2007-08

ACTIVITIES AND ACHIEVEMENTS

The following section is a brief review of the activities and achievements of 2007 – 08 (so necessarily contains only a selection of the Museum's work over the year) - all of which contribute to fulfilling the Museum's Responsibilities and achieving the Museum's Objectives.

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

1. *Further enhancing access to culture and sport for **children and young people** and giving them the opportunity to develop their talents to the full and enjoy the benefits of participation.*
2. *Increasing and broadening the impact of culture and sport, to enrich individual lives, strengthen **communities** and improve the places where people live, now and for future generations.*
3. *Maximising the contribution that the tourism, creative and leisure industries can make to the UK's **economy**.*
4. *Modernising **delivery** by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities.*
5. *Hosting an inspirational, safe and inclusive **Olympic Games** and Paralympic Games and leaving a sustainable legacy for London and the UK.*

All the *Performance Measures* are taken from the Museum's Management Plan, which expands upon the core targets agreed in the 2005-'08 Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS).

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

Activities and Achievements include:

Collections:

Acquisitions

Notable acquisitions during this period were:

- the British Union Flag pre-1801 pattern. Command flag of Admiral of the Fleet Richard, Earl Howe (1726-99) flown by the *Queen Charlotte* at the battle of the Glorious First of June 1794.
- the donation of medals, decorations and associated papers of Vice-Admiral Sir William Nathan Wrighte Hewett (1834-1888), including his Victoria Cross and the medals of his sons, Lieutenant Edward Matson Hewett (1864-1904) and William W. Hewett (1861- not known). On loan since 1978, the owner, Mr Aidan Laing, offered to donate this collection as a result of a pro-active collecting approach made during the loan renewal process.
- a diary kept by Edward Guinness during Lord Jellicoe's Imperial tour aboard HMS *New Zealand*, 1919-20, offered as gift by Sir John Guinness.

- the undershirt belonging to Horatio Nelson. After Nelson's death at the Battle of Trafalgar, 21 October 1805, his belongings were returned to his family. His clothing from his cabin was given, in a small bundle, to his sister Catherine Matcham. This is an incredibly rare survival of an undergarment from this period. As clothing was very expensive and difficult to clean, and hygiene was not rigorously looked after, shirts and undershirts often took the brunt of wear. The Undershirt was accepted by HM Government in Lieu of Inheritance Tax and allocated to the National Maritime Museum.

Collections Reform programme

NMM's Collections Reform Programme relating to collections reviews continues to progress on two fronts. In July the Secretary of State for Culture, Media and Sport gave formal consent to the next group of disposals from the Museum's furniture collection. 21 items had been proposed for dispersal to other UK cultural heritage organisations, for example a pair of c17th chairs were transferred to Buckland Abbey, National Trust and a 'nonsuch' chest was transferred to Cusworth Hall, Doncaster.

The rolling programme of auditing the location of NMM's collections recently concentrated on paintings at LTE, with a 100% accuracy of location records result. This is one of the most moved collections.

Loans Out

Included the Chronometer *K1* by Larcum Kendall 1769, to the Field Museum, Chicago for a major exhibition, *Maps*, of the world's greatest cartographic treasures.

JMW Turner's *The Battle of Trafalgar* was transferred from the Museum of Art (Dallas) to The Metropolitan Museum of Art (New York) for its final leg of its USA tour.

The NMM has a large number of objects on loan to other museums and institutions. Conservators have recently carried out condition assessments on objects at Somerset House (London), Braehead Museum (Glasgow) and SS Discovery Museum (Dundee).

Conservation

Conservation has continued to work on preparing objects for the On-line Access programme. 75 objects from the uniform collection are now available on-line and we are in the process of assessing and conserving ship models, telescopes and the associated material, which will go on-line during 2008.

Expertise:

Scholarly Publications

Empire, the Sea and Global History lectures at IHR, ed., David Cannadine
Representing Slavery, eds Robert Blyth and Douglas Hamilton
Naval Wives and Mistresses, Margarett Lincoln (see also publishing below)
Dressed to Kill, Amy Miller (see also publishing below)

Conferences

Slavery: Unfinished Business 17-19 May 2007, 100 delegates
Museum Ethnographers Group Conference 21-22 May 2007, 50 delegates
State of the Art, 19 July 2007, 70 delegates
People and the Sea, 25-26 October 2007, 110 delegates

Research Fellowships 2007-'08

Caird Senior Research Fellowship:

Dr Charmaine A. Nelson, McGill University, Canada

Sugar cane, slaves and ships: race, location and power in nineteenth-century Canadian transoceanic art

Caird Short-term Research Fellowships:

Dr Zisis Fotakis, University of Piraeus, Greece.

Greece, its Navy and the foreign factor 1919-1944

Dr Steve Mentz, St John's University, New York

Shipwreck narratives from Hakluyt to Defoe

Sackler Short-term Research Fellowship:

Nicky Reeves, University of Cambridge.

The connections between Greenwich, the Navy and the London instrument makers in the 1760s and 1770s

Caird North American Fellowship 2007:

Dr Keith Andrew John McLay, University of Chester

Military exceptionalism and amphibious warfare in North-Eastern Colonial America

The Crown Estate Caird Research Fellowship 2007:

Dr Helene Burningham, University College London

Historical evolution of the Suffolk-Essex shoreface and inner shelf

AHRC Doctoral Fellows

Anyaa Anim-Addo in Collaboration with Royal Holloway

Steam after slavery: The Royal Mail Steam Packet Company in the post-emancipation Caribbean, c. 1834-1870

Lindsay Doulton in Collaboration with University of Hull

Anti-slavery and the Royal Navy in the Indian Ocean, 1810-1890: race, empire and identity

Mary Wills in Collaboration with University of Hull

Anti-slavery & the Royal Navy in the Atlantic, 1810-1890: race, empire and identity

Harriet McKay in Collaboration with University of Kingston

Accommodating the Passenger: Interior Design for the Union Castle Line, 1945-1977

Philip Rich in Collaboration with University of Sheffield

The culture of cruising: post-war images of Oceanic Cruises in the Film Archive

Other activities

- AHRC-funded Centre for Art and Travel workshops, and report submitted
- Draft Collection Policy 2008-'12 approved by Trustees
- 5 British Maritime History seminars held at the Institute for Historical Research, approx 90 people in total
- 31 research papers given by curators
- The Nelson Society has agreed to a £1,000 fellowship, to be offered biennially, to top up one of NMM's own fellowships for naval history.
- Four interns appointed, each working for a month at the ROG on our scientific collections

Historic Photographs Cataloguing

The numbering of outstanding collections is now complete except for one collection (Mortimer 35mm nitrate negatives) that requires specialist treatment. The series level cataloguing of the negatives has been regularly updated. The current totals in the series level spreadsheet are 2,345 records covering 255,437 negatives.

Buildings and Estate:

The National Maritime Museum occupies buildings of international architectural importance in an area that was named a World Heritage Site in 1997. The very high standards of maintenance required for an estate of this significance are carried out in accordance with the Museum's Conservation Plan – adopted by Trustees in 2007.

The assimilation of the mechanical and electrical systems of the ‘new’ South Building and Planetarium at the Royal Observatory, Greenwich is being dealt with progressively as necessary and under prioritisation. The complete refurbishment of the Altazimuth Pavilion at the ROG has been completed and the installation of additional drainage around the building is underway.

The end of Defects Liability Period (DLP) reports for the *Time & Space* project have been prepared and the Architects and Project Managers advised the Contractors of items requiring attention. As part of the DLP survey our Consultants have prepared a condition survey for the buildings and this had been added to our Museum wide Condition Survey database.

The galleries in the ROG's Flamsteed House and the Octagon Room were closed for several months in early 2008 for redecoration, the floors have been refurbished and some display and environmental and H&S improvements have been made. The ROG electrical sub-station transformer has been upgraded which will provide site power requirements with spare capacity.

The two principle Planned Prioritized Maintenance projects this year were the repair and refurbishment of the Colonnades linking the Queen's House to the East and West wings of the Museum (the necessary replacement of sections of the support beams to the Colonnades where rot was discovered was completed satisfactorily) and the external repair and redecoration of the entire East Wing – which was completed on time and on budget.

Much work has been undertaken in stores planning for and preparing spaces to accommodate collections to be removed from the South West Wing basement prior to the Sammy Ofer Wing build. Progress at outstation stores so far includes relocating objects and removing a mezzanine level and laying a new concrete floor in Kidbrooke boatshed.

All items on the 2007-'08 Planned Prioritised Maintenance (PPM) schedule were completed satisfactorily and within overall budget. Some additional works were agreed and carried out during the final quarter.

The updated Asbestos Survey for buildings in compliance with the current legislation has been added to the new Asbestos Register database.

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

Links to the DCMS objective of: *Further enhancing access to culture and sport for **children and young people** and giving them the opportunity to develop their talents to the full and enjoy the benefits of participation.*

Activities and Achievements include:

Exhibitions and Displays

The *Weller Astronomy Galleries* opened to the public on 25 May with the rest of the complex at the south site of the Royal Observatory. The interactive galleries won the *Consumer Installation of the Year* award at the 2007 AV award.

Temporary Exhibitions

The temporary exhibition for NMM Galleries Sailor *Chic* opened to the public on 25 July 2007. The content and themes of the exhibition have been well-received critically with much media attention. All major international loans were ultimately secured from nautically inspired fashion houses in Paris.

Small exhibitions included one on the *Falklands*, with specific emphasis on Lord Lewin, past Chairman of the National Maritime Museum, opened in the e-library on 2 April to mark 25 years since the 1982 war. Another was an exhibition on daylight saving time entitled *Spring Forward* ran at the ROG. The exhibition explains the role of local man William Willett, the advocate for turning the clocks forward in summer by one hour.

In honour of International Polar Year, a selection of mid to late 19th-century Arctic photographs entitled *Freeze Frame* are on display in the Queen's House; we are currently investigating touring this exhibition. The photographs are from the expeditions led by Inglefield (1850s) and Nares (1870s). The exhibition focuses on the photographic techniques used in cold conditions in the 19th century and cultural encounters. The Scott Polar Research Institute provided support in trying to identify indigenous peoples.

New Visions: the contemporary art programme

Lawrence Weiner's exhibition *Inherent in the Rhumb Line* was open to the public from March to December 2007 - with much of the accompanying programme happening during the summer period. He created new works for NMM based on navigation to show alongside some of his existing work. He also devised the NMM's publicity poster for the exhibition which reads as a piece of art in its own right. Weiner is acknowledged as the 'father' of conceptual art and is one of the most influential living artists. The opening was attended by leading members of the international art world and is attracting new audiences to NMM.

The latest exhibition in the *New Visions* programme was launched on 24 October 2007. *Echoes in Memory* by Paris-based artist, Esther Shalev-Gerz, was on display in the Queen's House until March 2008. Part of the artwork consists of film footage of various people connected with the Queen's House, including members of staff.

Travelling exhibitions

£50,000 sponsorship for a touring version of *Your Ocean*, which looks at environmental issues affecting the sea, has been secured from the Maritime and Coastguard Agency. This is a non-object subject-led display designed to travel to a variety of venues in the UK rather than specifically museums. Ten venues are currently interested and the touring display was launched at the Beacon Museum in Whitehaven on 24 November. Future venues include Aberdeen and Liverpool.

Skin Deep, (the exhibition illuminating the history, development and diversity of tattooing over the past 200 years) returned from Great Yarmouth in September. It is currently in store and is scheduled to tour to the National Fishing Heritage Centre in Grimsby in April 2007. Due to the light-sensitive materials employed in the exhibition, this will be its fourth and final venue. There have been requests for the text panels to be lent to two museums to allow them to create their own display based on our popular exhibition.

Major displays/galleries

The Atlantic Worlds gallery opened to the public on 30 November. The gallery explores the interrelationship, connections and exchanges created between Britain, Africa and the Americas between 1600-1850 and looks at the impact of empire on three continents.

The gallery presents four main themes: Exploration and Cultural Encounters; Trade and Commerce; Enslavement and Resistance; War and Conflict.

These themes reveal how geographical exploration and the navigation of the Atlantic opened up new trade routes from the early 17th century onwards and brought Europeans into contact with different cultures, setting in motion a dynamic of conquest and exploitation, as well as trading and cultural exchanges.

The opening of Atlantic Worlds coincides with the bicentenary of the Act for the Abolition of the Slave Trade which was signed into law by King George III on 25 March 1807. The gallery displays new material relating to the transatlantic slave trade including a rare and detailed daily logbook from the slave schooner *Juverna*, written by Master Robert Lewis, which records the vessel's maiden voyage between Liverpool, West Africa and Surinam during 1804-05 and includes general observations on a classic Triangular Trade slaving expedition from England.

Understanding Slavery Initiative

The Citizen pack and website have been completed and there have been around 1,700 Citizen Resource packs sent out to teachers since it was produced in June 2007. As well as providing excellent classroom support for the citizenship curriculum this has generated a good selection of entries from around the country for the Big Conversation 2007 competition.

The showcase USI project for 2007 was *The Big Conversation, 2007* a nationwide DCSF funded schools engagement project for the 2007 Bicentenary of the Abolition of the Slave Trade in the British Empire. This year long project culminated in a debate at the NMM for the winning and highly commended schools and a team of expert judges from across the cultural, learning and communications sectors, including George Alagiah and Wesley Kerr.

Funding for Phase 6 for the USI project has been confirmed by DCMS for £160k. The key requirements for the 2008-'09 programme are: to deliver a national training and development programme for qualified teachers, teachers-in-training, and museum educators (from Sept 2008); to undertake consultation to scope best approaches in supporting delivery of KS2 programmes (from June 2008); to explore opportunities for international partnership links (ongoing).

Informal and Formal Learning activities have included:

Schools

To accommodate the need for a fun and an educational end of term event the NMM ran 'Summer Specials', for primary schools from the end of June through to mid July, along the themes of 'Pirates' and 'Neptune'. The Neptune sessions involved a new character who guides children through highlights of the Museum's collections, focusing on myths and legends of the sea.

In an exciting cross-museum project 60 local Gifted & Talented students participated in a partnership with the Ideas Foundation to develop designs for the Museum shop. Design, Marketing and Commercial teams all contributed to a rich programme which will be repeated and extended during the next academic year and beyond.

Families

The public programme for families for June was house and home with activities based in the Queens House to celebrate architecture week. July was Time and Space; activities included Rocket workshops, Water-clocks and a People in Orbit performance which creates an interactive solar system. August was Carnival, activities included music and costume making to look at the history of carnival and its role in rebellion and mimicry as developed by enslaved peoples, and this was part of the year-long 2007 Bicentenary programme of events. The audience profile for families continues to diversify with a sustainable approach to working with culturally diverse audiences. The programme this summer been very successful in increasing audiences of African and Caribbean heritage, the style of programming is an outcome of consultation with the cultural advisory group set up for the Atlantic Gallery.

Peter Harrison Planetarium

The new schools programme was mailed to primary and secondary schools in London and the surrounding counties in August, these programmes can also be viewed on-line. The astronomy programme is now running back at the ROG, in the new Lloyds Register Learning spaces and Peter Harrison Planetarium.

The 2007/8 GCSE Astronomy and very popular Introduction to Astronomy courses have begun using the new learning spaces at the ROG.

Hunting for Asteroids is delivered in collaboration by the National Schools Observatory. This is the first regular programme for school visitors in the Digital Space, with students analysing digital imagery of star-fields provided by the NSO robotic telescope in the Canary Islands. The session provides pupils with opportunities to make real scientific discoveries, during the piloting phase pupils discovered a new asteroid – although too small to go on the minor bodies register.

Adult Learning

Late night programmes are taking place every Tuesday at the ROG; these combine the GCSE courses, Evening with the Stars events and some new short courses in astronomy.

Marine Environment Education Initiative (MEEI)

Funding of £44k for a further year of this project has now been confirmed by The Crown Estate. The MEI project is in its third year and considered the Crown Estates flagship project.

In the coming year, the project will include key elements of on-site study days, special lecture days, careers days, video conferencing and additionally this year summer school days and a teacher training programme.

Publishing included:

Naval Wives and Mistresses by Margarett Lincoln.

This featured on *Woman's Hour* on Radio 4 just after Easter, and has had several other very positive reviews.

Eyes of the Admiralty: JT Serres, Artist in the Channel Fleet, 1799-80 by Captain MK Barritt.

This was published with sponsorship from the UKHO and is a never-before seen selection of watercolours by JT Serres, marine painter to King George III, and commissioned by the navy to make reconnaissance sketches of the French coast and enemy activity during the Napoleonic Wars.

Dressed to Kill, British Naval Uniform, Masculinity and Contemporary Fashions 1748-1857, by Amy Miller, was published in June and has benefited from the good media coverage of the Sailor Chic show. Sales online have been good via Amazon and the trade.

Sea Stories, a collection of short stories was commissioned to commemorate the 70th anniversary of the Museum. Coverage has been excellent and has included the Today Programme and Midweek on R4, Independent on Sunday, The Times, Telegraph, Telegraph Online, thebookseller.com, Country Life and other magazines and press. It was launched at Stanfords Bookshop Covent Garden.

Publishing specifically for children included the *Seadogs* series - three illustrated adventure stories inviting children into the world of the Sandburrow family in Foamy Bay; *Max and the Moon* - an endearing and beautifully illustrated story which helps to explain the concept of day and night to young children; and *Derek the Deep Sea Doctor* - the story of Doctor Derek in his submarine, who cares for creatures in distress under the sea

nmm.ac.uk

The major redesign of the NMM website went live in July and has been well received by our visitors. The design follows an extensive period of user consultation, and features simpler, more intuitive navigation. The use of bold photography showcases the Museum's three world-class venues, public programmes and collections.

Google maps: We have introduced dynamic maps to our [Visit us section](#) and [Collections Online](#). The mapping of the Franklin Relics is particularly effective because the objects are difficult to 'read' in isolation – for example, there are pork bones, broken glasses and discarded bibles. The use of a map allows us to contextualise these disparate objects by where and when they were found and shows the relation (and distances) between the places. The satellite view also shows the barren-nature of the land and – typically – the recent thawing of the North-West Passage. In short, we use the map to suggest the 'story' of exploration.

Collections online

The Gladys Kriebel Delmas-funded **van de Velde drawings** digitisation project is now complete. Eight hundred (800) of the Museum's van de Velde drawings were photographed, catalogued and published online.

The first large set of historic photographs was published to Collections Online. This collection of **Bedford Lemere and Co. photographs** comprises interior and deck views of newly completed passenger liners in the period 1891-1919, including *The Aquitania*, or 'Ship Beautiful'.

220 items from the museum's **silverware collection** have been added to Collections Online.

Atlantic Worlds online showcases the objects and interpretation from the gallery. Other views and perspectives have been commissioned to provide an alternative voice on the objects and themes surrounding the new gallery. The first of these perspectives is a recording of former poet-in-residence John Agard reading his poetry

Other news

Our PortCities website was named by Time Out as one of the 50 best London websites. (PortCities was a NOF-funded digitisation project and the website launched in 2003.)

Prime Sky is the Royal Observatory's new guide to the night skies above London. Each day Prime Sky points you towards the most interesting objects or events: star clusters, eclipses, comets, lunar phases and planetary movements. The guide can be browsed online, or from a mobile phone, and there are optional email and text-message reminders

A new format for presenting *Stories from the archives* has been developed. The first story we will be telling online is that of V.G. Hayward, who died while laying provisions for Shackleton in 1915-16. A new display format has been designed; the archival assets (including photographs, a diary, newspaper articles and other ephemera) have been digitised; and the dramatic story is in the final copywriting stage. This is just the first in a series, due for release in summer 2008 that will showcase the museum's archival materials.

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

Links to the DCMS objectives of: *Increasing and broadening the impact of culture and sport, to enrich individual lives, strengthen **communities** and improve the places where people live, now and for future generations and Hosting an inspirational, safe and inclusive Olympic Games and Paralympic Games and leaving a sustainable legacy for London and the UK.*

Activities and Achievements include:

Maritime Heritage

National Museums at Chatham is a partnership between the National Maritime Museum, Chatham Historic Dockyard Trust and the Imperial War Museum. The new facility will improve public access to internationally pre-eminent museum collections of maritime models with facilities for research and education. The project will provide a sustainable use for the early 19th Century No. 1 Smithery at The Historic Dockyard Chatham, a Scheduled Ancient Monument and Grade II* listed building.

The Emergency Stabilisation Works and Archaeology contracts have been completed on time and within budget. It is anticipated that the main contract will start on site in June 2008.

Gallery opening is currently programmed for mid-February 2010 with the major installation of the collections into the repositories for mid/late 2010.

National Maritime Museum Cornwall

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

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

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

The National Maritime Museum has a member of staff seconded to NMMC as a long term arrangement.

Stakeholder recognition through Awards

The National Maritime Museum won the National Remploi Leading the Way Award for Medium Employers following our regional success and in recognition for our achievements in providing work opportunities for people of all abilities.

We also won the Regional Award for Local Employer at the STAR (Shaw Trust Achievement and Recognition) Awards 2007.

The Museum won the VisitLondon Awards for 2007 in the Sustainable Tourism category.

As already mentioned in the Director's Introduction, the ROG's new development has won two prestigious architectural awards given for buildings that have high architectural standards and make a substantial contribution to the local environment – a Civic Trust Award and a Royal Institute of British Architects (RIBA) award.

Community Engagement

The structure of the Informal Learning programme is to develop audiences and there is a planned spread of key dates throughout the year that will be programmed to attract all informal learning audiences.

For example, in November the *India Now* initiative was celebrated by events to mark Diwali, the Indian Festival of Light. These events included workshops to explore Indian storytelling, Rangoli maps and shadow puppets. During December a collaborative event called 'Winter Wonderland' ran across the World Heritage Site aimed at attracting local residents during the festive period. To mark the opening of the *Atlantic Worlds* exhibition a weekend of events was programmed to bring to life some of the themes and issues explored in the exhibition. To celebrate the Chinese New Year of the Rat two popular Chinese New Year public events are run in February; these are run in partnership with Step Out Arts, a range of Chinese arts organisations based in London and the Greenwich Chinese Community School.

As part of the *India Now* season an event in the new Planetarium space called Untold India; a celebration of Indian cultures took place on the evening of Thursday 16 August 2007. This discussion will featured contemporary artists followed by music in celebration of India past and present. Panel includes Sunil Gupta, Ansuman Biswas and Raksha Patel, chaired by Jatinder Verma. Music by Guru Syed Ahmed and company.

August 23 is the International day for the Remembrance of the Slave Trade and its Abolition. Now in its 7th year of being marked by the NMM this year a manuscripts session, series of lectures by historians and artists, a poetry reading by John Agard and dance workshop and performance on the upper deck focused on Haiti and the role this uprising had in the abolition of the transatlantic slave trade. This event was non-ticketed and attracted around 150 people.

As part of the adult learning programme, a new round of monthly access events have been developed under the banners of 'Sea Signing' BSL talks for deaf visitors and 'Sea More' for the partially sighted. This annual programme will be supported by project work with target organisations to re-connect with visitors who have access needs.

Youth engagement

A new programme of events for young people was launched in September with an environmental theme. *Disposable Culture* events have been designed to attract young people aged 16 – 21 years.

Developmental work has begun in the NMM approach to working with young people in response to the Every Child Matters. An NMM forward plan for working with young people 2006 – 2012 is being drawn up by the Informal Learning team to inform planning around youth engagement programmes in preparation for the Olympics.

A second round of consultative work with MLA Youth Consultants from Hackney in a partnership project with MLA, Cityzen and NMM is planned in February. This is working towards a web-based project aimed at engaging young people with the collections.

London 2012

The NMM is scheduled to host the Equestrian events of the 2012 Olympics; planning for the site is currently in the early stages but LOCOG are providing regular updates, and are intent upon a fully inclusive relationship with the Museum. 2008-'09 will see the release of a draft venue layout and design, which will enable the NMM and LOCOG to begin detailed planning.

The London 2012 Trustees ISC had regular meetings in 2007-'08, to co-ordinate the NMM's role in the 2012 Olympic Games. The ISC evolved over the course of the year to integrate the NMM's key WHS partners (and fellow Olympic hosts); as a result of this amalgamation the group has now been renamed the London 2012 Maritime Greenwich Venues Group.

Membership of the National Maritime Museum

The final Friends AGM was held on 25th June 2007. The motion to wind up the Friends as a separate charity and then bring the scheme into the NMM's new Membership scheme was carried by a significant majority. The AGM was followed by a reception to dedicate the new temporary exhibitions gallery (which had been funded through contributions from the Friends) and thank the Friends for all their support over the last 25 years.

New Membership materials have been produced, including a new letterhead, membership cards, welcome pack folders, promotional leaflets and a quarterly newsletter is being produced together with a bimonthly e-newsletter.

The *Sea Words* annual literary dinner in November at the Trafalgar tavern by Libby Purves was attended by over 100 Founder Members and guests, and the *Atlantic Worlds* supporters' private view was attended by 200 Founder Members. In January 2008 we recruited a new Members manager and the programme has been further developed with a wide range of monthly lectures and events.

The Flamsteed Society, one of the specialist clubs of the Membership scheme held its AGM on 8 October 2007 and continues to flourish with a specialist programme of astronomical workshops, talks and practical activities.

3.4 effective **organisation** and sound financial management

Links to the DCMS objectives of: *Modernising delivery by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities* **and** *Maximising the contribution that the tourism, creative and leisure industries can make to the UK's economy.*

Activities and Achievements include:

On 27 March 2008, the National Maritime Museum was delighted to announce that it had received a pledge of £20m towards the creation of a major new wing at the heart of its Maritime Greenwich World Heritage Site. This very substantial gift has been made by the shipping magnate and philanthropist Sammy Ofer and is believed to be the largest single donation by an individual to a cultural project in the UK. This generosity exemplifies Private Giving for the Public Good and helps demonstrate the contribution the Museum makes to the UK's creative economy.

Trusts and Foundations

The DCMS/Wolfson Foundation Museums and Galleries Improvement Fund awarded a grant of £75,000 towards the Special Exhibition Gallery which in 2007 housed the *Sailor Chic* exhibition.

The first tranche of the Stavros S Niarchos Foundation's significant donation for *Atlantic Worlds* was received in July.

Corporate Sponsorship

The second instalment of £300,000 was received from Lloyds Register in payment of their £1M donation to the Learning Centre at the ROG.

Corporate Membership

We are delighted to announce a new Corporate Member: Ince & Co and a new Associate Member, BMT. Evergreen Shipping and Liberty Syndicates have renewed within this period

Corporate Loans

Work continues to review the future viability of the Loans Scheme but in the meantime, installation of paintings at Simpson, Spence & Young, Pemberton Greenish, Mandarin Oriental and Rathbones has been completed. SSY and Rathbones have taken additional paintings, increasing support to the Museum.

On-site marketing

A two stage project to enhance the Museum's onsite cross-marketing has been completed. This includes new A1 and A2 poster holders on the Museum approaches and key junctions and new banners at the back of the Museum. A newly designed visitor map and wall plans have been produced and are helping visitor orientation and flows.

There are new leaflet racks inside the building on walls and tables. The Museum's generic leaflets have been updated, new plasma screen 'trailers' have been rolled out in foyers and there are new large backlit images at the Stanhope Entrance.

Easter 2008 campaign

The key message of the NMM marketing campaign for Easter 2008 was to reaffirm the appeal and attractiveness of the NMM as a days-out destination.

The campaign used the phrase, "Time to visit Greenwich" with a large landscape format view of the whole site from the ROG. It also highlighted the short travel times from Central London and Canary Wharf. This was mainly an Underground campaign with large posters sited throughout London for two weeks and one very large poster situated at Charing Cross for one month (a first for a museum). The team is currently planning and designing a continuation of the campaign for the summer 2008 campaign, to be launched in July.

The second phase of the *Atlantic Worlds* campaign continued throughout February and March with posters on the Underground, leaflet distribution and advertisements in Time Out, BBC History Magazine, Guardian Guide and New Nation.

Retail

Retail had its best ever year in 2007-08 with sales of £1,395,199, 7% ahead of target and 13.3% ahead of the previous year.

New ranges performed well and sales of bespoke products have increased again. Products designed for the 'Sailor Chic' exhibition were featured in The Independent and The Times.

We have conducted an extensive range review and over the past two years have improved our stock/sales ratio by 50%.

Catering

The sales at the new café at the ROG are showing improvement and have benefited from the new visitor route. The café is benefiting from improved routing and signage at the ROG and from increased events usage of the Planetarium during the evenings and from extended hours for access to the Meridian line.

The caterer has been very flexible and has provided excellent service for both visitors and the Museum events team.

At the NMM the Upper Deck 'Paul' café was very popular showing significant growth over previous years. This has had some impact on our restaurant trade; however feedback regarding service and food quality is much improved with our new caterer.

Commercial Events

The events business has been strong this year and the team exceeded the annual targets during January and were 17% up on plan at year end.

The Queen's House was the busiest of the Museum's venues. Clients included Bombardier, DEFRA, Credit Suisse, British Eventing, Sunseeker, Royal Haskoning, HSBC, Visit London, Liberty Syndicates and BAE Systems. Events held in the National Maritime Museum building have included clients such as Seat UK, the Maritime & Coastguard Agency, British Energy, Great Place to Work and Societe General. This year the ROG has hosted clients including HSBC, Credit Suisse, ABN Amro, FSA, Art Fund, ANZ Bank, Lloyd's Register and BP Shipping.

Picture Library

2007-'08 saw preparation for the launch of nmmimages.com in September 2008. This is a new website aimed at commercial image users, with over 15,000 images at launch. It will offer picture research tools, such as: lightboxes, theme and keyword searches, high-resolution image downloads (for registered commercial clients), e-commerce and metadata for every image online.

Licensing

Halcyon Days who produce fine art hand painted enamel boxes have agreed a new contract for 2008/2009. The boxes will celebrate the birth of Nelson and the 150th anniversary of the launch of the Great Eastern.

A new range of ties have been approved for Fox & Chave and these are now in production. The Trafalgar Stained Glass Clock and Grandfather clock have been approved for Danbury Mint and are now in production. Danbury are also looking at miniature replica presentation swords associated with Nelson and an engraved pen holder of the plans of Nelson's ships. A souvenir telescope for the Year of Astronomy in 2009 is also being developed.

Photographic Studio

Over the year the Studio's commercial work included two large 8 day projects successfully shot externally for the Manx Museum, Isle of Man and Geffrye Museum, London and many hundreds of shots and scans for Collections Online.

The Studio also hosted a visit from 50 AHFAP (Association of Historical and Fine Art Photographers) delegates including a contingent from China on 31 October 2007 for a series of lectures and a visit to the Planetarium.

Location filming

Renewal of our Location Filming pages, with new site photography and content, to attract TV production companies and film-makers. Mail-out of over 300 Location Filming brochures in mid-December to key industry clients. We are focused on building relationships with stakeholders such as Film London, Royal Naval College and Greenwich Film Unit.

ICT Infrastructure and Services Activities have included:

Backups

The Museum's data backup system has been expanded and improved to give a two-tier backup architecture. This means we have two forms of backup hence twice as much protection. In the new system we backup to disc nightly then backup from disc to tape every 3-4 weeks which gives us an added layer of protection.

Network Printing

We have undertaken a project to replace the Museum's fleet of 7 year old network printers with state-of-the-art multifunction models. The new models allow us to offer secure printing controlled by swipe card which contributes to savings on print costs. Advanced accounting functions on the printers allow us to see the cost of printing per person/department, a function which can be used to inform more efficient print practices. Thirty-eight new machines have now been installed.

Library Book-Scanner

A specialised Book Scanner has been installed for the library. This is a cold light scanner thus complying with conservation concerns. A high specification workstation complements the scanner.

Web/E-mail Filters

We have negotiated a 3 year contract with a new supplier for both our web and e-mail filter which should result in savings of £20k over 3 years. The service filters emails for spam, viruses and potentially offensive emails. Last year we scanned over 1.6 million inbound emails of which 57% were spam. The service also filters phishing attacks, which outnumber virus attacks by 4 to 1.

Records Management

The use of EDRM workflows continues to grow with the development of an automated process to manage starters and leavers, ensuring the right information and actions happen at the right time.

Wireless Network Installation LTE

We installed a wireless network in Lawrence Trading Estate store, giving total coverage of the stores and collections enabling the collections team to carry out a collections audit more effectively.

EFFICIENCY

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

Key Data:	2002-'03	2003-'04	2004-'05	2005-'06	2006-'07	2007-'08
Total Grant in Aid	£13.7m	£14.0m	£15.7m	£15.2m	£17.1m	£18.5m
All other incoming resources	£5.2m	£4.5m	£6.4m	£9.6m	£9.0m	£7.1m
FTE employees	417	417	408	420	407	400
Visits	1.208m	1.365m	1.533m	1.512m	1.633m	1.782m
Website visits	2.628m	4.089m	6.750m	8.218m [#]	9.171m [#]	9.710m [#]
Total Users*	3.865m	5.479m	8.307m	9.743m	10.814m	11.503m
Efficiency ratios:						
Total Users per FTE	9,269	13,139	20,360	23,198	26,570	28,758
Total GIA £ per User	3.54	2.55	1.89	1.56	1.57	1.61
Revenue GIA £ per User	3.41	2.44	1.67	1.46	1.36	1.35

* includes collections and subject related enquiries

[#]After deduction of spiders/robots.

- The Museum has a strong culture of seeking value for money across all its workflows and the effectiveness of procurement and other systems are regularly reviewed as part of its internal audit plan.

- Efficiency is a major driver in the forefront of the Museum's Collections Reform project and its work with partners - though the end of the specific funding for this work will mean that the pace of reform will necessarily slow.
- The Museum continues to maintain high standards in its Energy Management and has achieved an overall reduction in its CO2 emissions during this period. This is particularly good achievement with the period being colder than the previous year and additional loads of operating the newly opened Time and Space site.
 - The electricity consumption has reduced for the current period 2007-'08 when compared to the previous period of 2006-'07 by 5 % kWh.
 - The gas consumption has increased for the current period 2007-'08 when compared to the previous period of 2006-'07 by 8 % kWh (primarily due to the new ROG development).
 - The total reductions of CO2 emissions for this period 2007-'08 when compared to the previous period of 2006-'07 would be approximately 46 tonnes which is equivalent to 13 tonnes of carbon.
- The Museum places a high priority on building the capacity of its staff through training and development. It also operates a modest scheme that recognises and rewards staff to identify, plan and implement further efficiencies.

Sustainability and the Environment

The Museum is committed to sustainable development best practice and to the continual improvement of its sustainability performance.

- The Museum plays an important role in raising awareness of wider environmental and energy consumption issues through its *Your Ocean* gallery and associated weekly learning programme. The gallery explores issues such as climate change, over-fishing, pollution, conservation and the use of renewable energies, and debates these subjects in the context of local, national and international situations.
- We already stock fair trade items and are in the process of examining the supply chain of many more of our retail products. We now stock light-degradable plastic bags.
- All new staff to the Museum receive presentations about our energy efficiency and sustainable development policies and practices.
- All white office paper is 100% recycled content and in all our office areas we now recycle all our paper, card, plastic, metal and glass.
- We have instigated a sustainable exhibition group of London based exhibition teams. The aim of this group is to share best practice and ideas.

The influence of climate change

Changes in climate may alter the environmental conditions that our objects are subjected to. This may require changes in the way we monitor, store and conserve our objects. To mitigate these effects we have developed a disaster plan which includes our emergency reaction to the implications of extreme weather. We continue to raise awareness of climate change amongst our staff and encourage a sustainable approach.

We have an energy efficiency and sustainability policy and we are in the process of changing many of our habits and processes to bring museum practices in line with these policies. For example, we encourage the use of public transport and encourage green transport via bike loans and safe cycle parking provision (recently upgraded), car sharing benefits and restricted use of the car park.

We are using the Building Research Establishment Environmental Assessment Methodology (BREEAM) in the development of the Sammy Ofer Wing project.

We have completed a basic carbon footprint for the main museum buildings in conjunction with the DCMS initiative - part of their sustainable development plan.

Enhancing our environment

Our impact on our surroundings is carefully scrutinised and we adhere to the very high standards that are expected of us as a key part of a World Heritage site and delineated in our Conservation Plan. It is within our interest to keep these high standards and as such feel very much that, with all our enterprises and projects, we look to enhance the environmental and cultural surroundings of Greenwich.

Thames Clean-up in June

Working with the environment charity *Thames 21*, a clean-up day on the north bank of the river at Greenwich was organised and 1.5 tonnes of rubbish was collected. This was a new partnership and future environmental projects are now planned.

PERFORMANCE

The following table shows the Museum's performance against its Core Funding Agreement targets for 2007-'08.

Core Funding Agreement (FA) Targets 2007-'08	2006-07 Actual	2007-08 Actual	2007-08 FA Target
Total Museum Users	10,502,675	11,502,803	9,475,000
Of which, total number of visits to the Museum (excluding virtual visits)*	1,633,592	1,782,405	1,475,000
Of which, number of unique users visiting the website	9,171,176	9,710,022	8,000,000
Of which, total number of children aged 15 and under visiting the museum	354,687	377,174	310,000
Number of UK Adult visitors aged 16 and over from under-represented socio-economic groups (NS-SEC 5-8) attending the Museum	67,972	81,582	82,000
No of children aged 15 and under in on and off-site organised educational sessions	119,126	127,160	93,000
Net income from the Museum's trading company* (includes corporate hire, excludes collections services)	£570,281	£672,756	£475,000
Efficiency savings	£4,321,000	£5,691,000	£1,672,000

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

ASSETS	2005-06 Actual	2006-07 Actual	2007-08 Actual
Percentage of NMM collection in correct environmental conditions	78% summer 39% winter	54% summer 66% winter	85% summer 36% winter
Number of objects conserved	2,232	1,278	1,134
Number of objects assessed for conservation	4,971	2,757	2,107
Number of digitised images added to database	1,378	2,146	2,301
Number of research papers given based on work in progress	68	64	97
Number of peer-reviewed scholarly publications produced by staff	*	25	20
Number of peer-reviewed articles appearing in Journal for Maritime research	*	4	3
Number of conferences	4	4	4
Value of buildings and infrastructure stewardship	£1,008,000	£1,025,000	£1,439,607

ACCESS	2005-06 Actual	2006-07 Actual	2007-08 Actual
Number of learners participating in on-site and outreach educational programmes	238,466	221,378	289,407
Number of interpreted collection items made available online	5,140	5,307	5,091
Number of venues in the UK and England to which objects from the collection were loaned	107	89	83
Overseas venues to which objects from the collection are loaned	31	21	24
Hours open over baseline	59	59	59

STAKEHOLDERS	2005-06 Actual	2006-07 Actual	2007-08 Actual
Number of repeat visits	636,999	591,173	638,213
Number of overseas visits	801,788	938,052	949,982
Percentage of visitors who found the Museum overall was at least satisfactory	95%	100%	99%
Percentage of visitors who would recommend a visit to others	98%	98%	98%
Percentage of staff in vocational training	22%	27%	24%
Number of partnerships and links	263	311	350

ORGANISATION	2005-06 Actual	2006-07 Actual	2007-08 Actual
Revenue Grant-in-Aid per user	£1.46	£1.36	£1.35
Revenue Grant-in-Aid per visit	£9.39	£8.99	£8.69
Revenue generated from sponsorship and donations per visit [not including the Sammy Ofer pledge]	£4.22	£4.66	£3.65
Non-grant income per visit	£2.46	£1.50	£2.01
Trading company income net of cost of sales	£1.354m	£1.255m	£1.361m
Events income	£300,866	£316,228	£325,860
Corporate Membership and Corporate Loans income	£146,945	£156,159	£175,611
Catering commission	£118,989	£118,421	£97,835
Average number of days lost per employee through sick absence (excluding long-term sick)	5.9	5.2	6.0
Value of Collections Services and Research income	£677,904	£560,567	£371,810

* data not collected in 2005-'06 for this measure

4. FUTURE STRATEGIC PRIORITIES AND PROJECTS

The Museum's main **Strategic Priorities** over the 2008-2011 period ahead, all of which deliver Public Value outcomes, are:

- SP 1** to work towards the capital and operational delivery of the Sammy Ofer Wing project in 2012 in order to transform facilities and services for physical, intellectual and digital access to the entire span of the subjects and collections of the Museum, for the fast-growing audiences of all ages and backgrounds.
[This Change priority maps to DCMS Objectives: Opportunity, Excellence and Economic Impact]
- SP 2** to maximize the opportunity and the potential of the Olympics to provide benefit to the Museum in 2012 and both a tangible and cultural legacy for the NMM, the ROG, the Queens House and Greenwich.
[This Change priority maps to DCMS Objective: Olympics]
- SP 3** to maintain and develop partnerships with government and the wider regional, national and international cultural sector, enhancing the Museum's leadership of British maritime and imperial heritage – particular examples being the NMM's involvement with National Museums at Chatham and support for NMM Cornwall.
[This Change priority maps to DCMS Objective: Excellence]
- SP 4** to maintain, during this project-rich and change period, a core public offer to the on-site and online visitor that is stimulating, enjoyable and offers opportunity for research and learning.
[This Business priority maps to DCMS Objectives: Opportunity and Excellence]
- SP 5** in order to secure the delivery of these strategic priorities, to improve the Museum's governance and business systems with particular focus on human and financial resources (to meet the costs of growing and demanding audiences and maintaining the WHS estate) and balancing effective risk management with innovation and creativity.
[This Business priority maps to DCMS VFM programme]

These Strategic Priorities are in addition to the importance of our particular responsibilities and concerns regarding the safeguarding and stewardship of the collections and our vital work in scholarship and research. Also in this 2008- '11 period, the Museum will be planning the next stages of its estate rationalisation/collections storage/stewardship programme which will run from 2013.

The outcomes of this work will be to:

- i improve understanding of how Britain's relationship with the sea has fundamentally shaped histories, cultures and identities.
- ii push the boundaries of our subjects further while transforming our capacity to seek out, engage and develop a more diverse audience.
- iii enhance the Museum's international standing while acting as a force for local regeneration.

The Trustees and Executive held a strategy planning day on 22 May 2008 to review strategies for the coming five years (the period incorporating the delivery and operation of the Sammy Ofer Wing Project and hosting the 2012 Olympics). The Museum's new Strategic Plan 2008-'13 resulting from this meeting and enlarging and detailing the above Strategic Priorities is under development and will be published after stakeholder consultation.

5. STATUTORY BACKGROUND, STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Monies are provided by Parliament to enable the Board of Trustees to carry out the objectives set out in the original and amended acts. The Management Statement and Financial Memorandum, issued by the Department for Culture, Media and Sport (DCMS) in September 2002, set out the conditions for the payment by DCMS of the Grant-in-Aid to the Trustees.

Structure

Under the National Maritime Museum Act 1934, the National Maritime Museum is an exempt charity.

Trading Company

The National Maritime Museum established a trading company called National Maritime Museum Enterprises Limited (NMME) on 2 April 1985. The principal activity of the company is the running of the retail and corporate events operation and it also operates a franchise for the restaurants.

The result for the year is a profit on ordinary activities before tax of £672,756 (2007: £570,281).

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

Lord Sterling of Plaistow	(Chairman)
N C L Macdonald	
N J Reed	
R A G Clare	(Retired 31 May 2007)
K Fewster	(Appointed 21 February 2008)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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

Trust Funds

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment.

The Development Fund and **The No 3 Trust Fund** were set up for the development and benefit of the National Maritime Museum. Management of the Trust Funds is by their Trustees who are members of the Finance Committee itself responsible to the Trustees.

Governance and Management

The Board of Trustees have oversight of the production of the Museum's Strategic Plan, Funding Agreement, Management Plan and Budget that are prepared by the Director and the Executive. These documents set out the policy and resources framework within which the Museum discharges its duties and its key strategic and management objectives and targets. The Board of Trustees met with the Executive on 22 May 2008 to devise the framework and lead objectives for the forthcoming 2008-'13 Strategic Plan. The Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS) provides explicit and challenging statements of the underlying outputs and levels of performance that the Museum is required to deliver to achieve the Department's objectives.

The Board of Trustees, the Board of Directors of National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining systems of internal control. They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continues to review and update the existing systems (see the Statement on Internal Control on page 43), which the Boards and Accounting Officer believe to be appropriate for a public body. The systems of internal control are designed to meet the particular needs of the Museum and the risks to which it is exposed. By their nature, internal control systems can provide reasonable but not absolute assurance of effectiveness.

The Board of Trustees have corporate responsibility for ensuring the Museum fulfils the aims and objectives set out in legislation and governing documents and are accountable to Parliament.

The Director as Accounting Officer is accountable to Parliament and is personally responsible for safeguarding the public funds for which he has charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the Museum. The Director acts in accordance with the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety* and through the DCMS Accounting Officer.

The Museum is led and managed by the Director and the Executive Board with the support of the Senior Management Team and is structured to ensure delivery of the targets laid down in the Strategic Plan, Funding Agreement, the Management Plan and the respective performance agreements of directors and managers.

These targets cover outputs relating to the public's access to the collections, the themes the Museum explores and the quality of services it provides. The targets also cover financial performance and the efficiency and effectiveness of its operations. The Executive reviews performance against these targets monthly using the performance management system developed for the purpose. In turn, the Trustee Board receives reports quarterly. The Executive monitors the performance of all major projects on a quarterly basis, or by exception reporting, through the Museum's Project Method.

Accountability, limits of authority and lines of reporting are clearly defined throughout the Museum's management. Annual performance targets are set for each member of staff. Well-developed information and reporting systems monitor progress against financial and non-financial targets. The Financial Information System provides networked access to the details of actual and committed expenditure for activity centre managers and summarised results for divisional directors.

The Board of Trustees

The Board has four plenary meetings a year, and one or more extended strategic sessions. There are five committees of the Board and two of these, the Audit Committee and the Finance Committee, meet quarterly. A Development Committee will be established in 2008-'09.

Beyond the demands of governance, Trustees' expertise and experience is drawn upon, to the benefit and assistance of the Museum, via the Informal Sub Committee (ISC) structure. Trustees serving on ISCs provide advice and guidance to the Executive and the ISCs report informally to the Board of Trustees. Currently these encompass the Academic ISC and Collections ISC.

A register of Trustees' relevant interests is maintained and is available for the public to inspect on request to the Museum Secretary.

Trustees are not remunerated.

Methods used to recruit Trustees

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

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

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

Procedures for induction and briefing of Trustees

The Chairman ensures that all members of the board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. All Trustees have a copy of all relevant governance material and receive an induction course on appointment. New Trustees may also receive mentoring from members with experience. Trustees are normally appointed to provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available and committees such as the Audit Committee benefit from an annual sector-wide conference. In addition from time to time the Board receives specific briefings on matters such as Health and Safety and compliance procedures and individual Trustees are encouraged to take up departmental visits.

Audit Committee

The purpose of the Audit Committee, a committee of the Board, is to give independent advice and guidance to the Board of Trustees and to the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects Government Internal Audit Standards and the code of practice on Audit Committees issued by the Treasury. The Chairman of the Audit Committee makes an annual summary report to the Board of Trustees and signs the Statement of Internal Control as the representative of the Board.

Internal Audit

The Museum engages an external company to provide an internal audit service reporting to the Audit Committee and Accounting Officer. Internal controls and systems are reviewed in accordance with the annual internal audit plan. The Audit Committee agrees the plan, and the results of the reviews are reported quarterly in detail to the Executive Board, the Audit Committee and annually in summary to the Board of Trustees.

Risk Management

At the corporate level strategic risks are revalidated, identified and evaluated by the Executive on a quarterly basis. These risks, their management and any current issues are then brought to the Audit Committee for further consideration and then on to the Trustee Board – following the quarterly frequency.

Risks at operational level are identified and evaluated in a structured way following the procedures given in the *Code of Practice on Risk Management*. These risks are tabulated in the Management Plan and responsibilities for their management defined.

As part of the Museum's project method procedures, the Executive requires project managers to identify and manage risks on all projects. Significant projects such as the Sammy Ofer Wing are subject to the Gateway Review process. The Museum and the Gateway Review Team carried out a Risk Potential Assessment and agreed a Medium risk rating and a Gateway 1 Review was undertaken in late June 2008.

Managing Information Risk

The National Maritime Museum is not aware of suffering any protected personal data incidents during 2007-'08 or prior years and has made no report to the Information Commissioner's Office.

Employment policies

The National Maritime Museum upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age.

Workforce development is a priority with training and capacity-building a significant part of the reward quadrant [working environment; personal development; job satisfaction; pay and benefits] at the Museum. This was recognised when the Museum achieved the Investors in People (IiP) standard in November 2001, receiving re-accreditation in 2003 and again in October 2006.

The Museum holds the Employment Service's Disability Symbol and in 2007-'08 7.2% disabled staff were employed by the Museum (5.2% in 2006-'07). The Museum established its Disability Equality Scheme in December 2006. A number of sheltered placement and other work experience initiatives are under way. The Museum has an active volunteer programme and undertakes secondments and exchanges both internally and externally at home and overseas. In addition to the being the regional winner of the Remploy 'Leading the Way' award for 2007 (as in 2006) in recognition of our positive attitude regarding disability and inclusion, we also won the Medium Category National Remploy 'Leading the Way' Award 2007. The Museum was also a regional winner as local employers in the Shaw Trust Achievement and Recognition (STAR) Awards 2007.

The Museum is considered a sector leader in its human resources approaches, not least in dispensing with any formal retirement age in 2002. Just over a third of employees are aged over 50 and just over 5% are aged over 65. The Museum won a National Training Award in 2007 for its paperless NVQ level 2 in Heritage Care & Visitor Services and VisitLondon's Sustainable Tourism Award 2007. At the sector level, the Director of Human Resources co-chairs the National Museum Directors' Conference's (NMDC) HR Forum and is involved in a number of seminars examining best practice in our sector. He also chairs the Museums, Libraries and Archives Council's (MLA) Leadership in Archives and Museums programme steering group.

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

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

Organisational Communication

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

Cross-Museum Briefing - The Director and the managers dealing with selected themes speak to staff four or five times a year to provide a brief on specific areas, progress or projects. These are scheduled shortly after Trustee Board meetings to ensure staff have the latest views from the Board clearly transmitted. The briefing includes a question and answer session.

PMs (permanent memoranda) have a wide circulation and are issued whenever it is necessary to inform staff on policy matters. They are signed by members of the Executive.

TMs (temporary memoranda) cover a much wider range of issues of a more temporary nature and are signed by members of the Executive Board and Senior Management Team. All PMs and TMs are published on the Intranet and in paper form.

Intranet - Progressively available to all staff (whereby everyone should at least have access to a PC even if they do not have a workstation) it details policies, management meetings and organisational programmes and information of use to staff generally.

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

Notice Boards - are strategically placed in sites or functional areas. They may only be used for official or authorised communication purposes.

Staff Lunches - are informal meetings for communication in which Directors and senior managers can speak directly with cross-sectional groups of staff over lunch. The object of these meetings is to give staff a chance to communicate directly with senior management on a wide range of issues, but on an informal basis.

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

Theft of Painting on Public Display

On 3rd July 2007 the 17th Century painting Sunlight on a Stormy Sea, by Bonaventura Peeters the Elder was stolen from the first floor west side of the Queen's House. The painting was returned to NMM custody by the Metropolitan Police's Art and Antiques Squad on 13th December 2007. The police investigation remains open and a thorough internal and external review of security has taken place to minimise any recurrence of theft.

Health and Safety

It is Museum policy to assign great importance to the safety of employees and others, considering this as a management responsibility equal to that of any other management function.

In the design, construction, operation and maintenance of all plant, equipment and facilities, everything that is reasonably practicable is done to prevent personal injuries and ill health to employees, customers, visitors, contractors and members of the public. To this end the Board of Trustees and Executive Board of Directors provide, so far as is reasonably practical, such training and equipment as is necessary to enable employees to work safely.

The importance of employee involvement in health and safety matters and the importance of the positive role played by safety representatives and safety committees are acknowledged.

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

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

The Health and Safety team has been strengthened by a restructuring that separates out the Health & Safety and Security functions and the recruitment of an experienced NEBOSH-qualified Health & Safety Adviser. Specialist members serve on the Health & Safety Committee to represent particular hazards such as radiological protection, laser safety, asbestos and other risks in the Collections as well as employee representatives, sites and functions.

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

Payment of Creditors

The National Maritime Museum follows the Better Payment Practice Code, which adheres to the Government wide standard of settling all valid bills within 30 days or within the terms of the contract. It has maintained a rate in excess of 90% for the settlement of valid supplier accounts within 30 days or in accordance with contract (90% in 2007).

Audit

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2007-'08. Baker Tilly UK LLP undertake the audit of National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £48,000 comprising £33k for the consolidated accounts audited by the NAO and £15k for the Trust Funds and NMME audited by Baker Tilly UK Audit LLP.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Going Concern

The Boards believe that it is appropriate to continue to adopt the going concern basis in preparing accounts as the Museum has adequate resources to continue in operation.

Presentation

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

The Annual Report and Accounts are presented in accordance with the reporting requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities. As required by the SORP, the Statement of Financial Activities shows total incoming resources for the year, including income received for capital and future projects.

Consolidated Accounts

The National Maritime Museum account comprises the Grant-in-Aid Account, the Caird Fund, the Development Fund, the No 3 Trust Fund and the income from the American Fund of the National Maritime Museum and the Royal Observatory Greenwich. These accounts are consolidated with National Maritime Museum Enterprises Ltd (NMME) to form a Group account. The consolidated balance sheet shows both the Charity and the Group.

6. REMUNERATION REPORT

The figures in this report are subject to audit

Remuneration Policy

Salaries represent the Museum's largest area of cost and use 68% of the Grant-in-Aid (72% in 2006-'07).

A key element of the Museum's reward system for senior managers is that base pay is set below market levels but bonus potential allows for competitive reward based on performance and contribution. The reward system seeks to link the performance achieved by the Museum against its operating plans (which reflect the mission, objectives and values of the Museum), with the individual performance agreements of directors' and senior management.

Amongst directors these performance agreements are divided into objectives and targets relating to corporate and individual components, and the bonus potential reflects the combination of these different elements. The target bonus is 20% of salary. The Trustee Remuneration Committee (comprising Trustees Mr Nigel Macdonald (Chairman), Councillor Jagir Sekhon OBE and Admiral the Lord Boyce GCB, OBE, DL, an independent voluntary consultant Mr Brian McEvoy, a retained consultant Mr Alan Hurst, the Director Dr Kevin Fewster AM and the Director Operations & HR Andy Bodle (Secretary)) reviews these matters, along with the Museum's overall performance and any changes in roles or responsibilities, in determining pay and the amount of bonus. The reward arrangements are reviewed from time to time and in 2008-09 interim reviews of performance by the Remuneration Committee are being introduced.

Service Contracts

Dr Kevin Fewster commenced as Director on 3 September 2007 and is employed on an open-ended contract with six months' notice period and no contractual termination payments, compensation for loss of office or provision of any compensation for early retirement. The pension contributions on behalf of the Director are to a Defined Contribution Scheme. There is therefore no Cash Equivalent Transfer Value.

The previous Director's contract of employment was similar as were pension contributions on behalf of the previous Director and so again there was therefore no Cash Equivalent Transfer Value. Roy Clare left the Museum on 31 May 2007 and remained formally employed until 30 September 2007.

The remaining Directors are employed on open-ended contracts with three months' notice periods and no contractual termination payments, compensation for loss of office or any provision of any compensation for early retirement except for those within the Civil Service Pension Schemes. Except for those within the Civil Service Pension Schemes, pension contributions on behalf of the Directors are to a Defined Contribution Scheme. Except where detailed below, there is no Cash Equivalent Transfer Value.

Retirement

Stephen Riley retired early on health grounds on 17 July 2007. The total additional accrued pension was £1k – 2k.

Salary and pension entitlements

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; and any other allowance to the extent that it is subject to UK taxation.

The Museum operates two pension systems: a Group Personal Pension Scheme and the Civil Service Pension Schemes (CSP). Full scheme details are shown in Note 8 to the accounts.

Compensation

Directors are eligible either for early retirement benefits under the Civil Service Pensions or three months' contractual notice, unless otherwise stated above and statutory benefits.

The emoluments were as follows:

		2007-8		2006-'07	
		Salary £'000	Pension Contribution £'000	Salary £'000	Pension Contribution £'000
Dr Kevin Fewster	Director & Accounting Officer from 3 September 2007	50-55	5	-	-
Dr Margarett Lincoln	Director Research & Planning (Acting Director & Accounting Officer 1 June 2007 to 2 September 2007)	90-95	*	75-80	*
Norman Reed	Director of Finance and Enterprises	90-95	8	90-95	8
Andy Bodle	Director, Operations and Human Resources	75-80	*	75-80	*
Angela Doane	Director, Collections	60-65	6	50-55	5
Roy Clare	Director & Accounting Officer to 31 May 2007	80-85	5	125-130	10
Stephen Riley	Director, Maritime Heritage	15-20	*	60-65	*
Sir John Tiltman	Project Director, Time & Space	-	-	70-75	4

* Civil Service Pension holder, for details see the table below. All others are members of the Group Personal Pension Scheme.

At 31 March 2008 there were two members of the PCSPS scheme who were remunerated as follows:

Name	Real increase in pension since 31 March 2007			Real increase in lump sum since 31 March 2007	CETV* at 31 March 2007	CETV at 31 March 2008	Real increase in CETV funded by employer
	Pension at 31 March 2008	Pension at 31 March 2008	Lump sum at 31 March 2008				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Andy Bodle	1	20.0-25.0	70-75	2.5-5.0	357	434	20.0-22.5
Margarette Lincoln	3	20.0-25.0	60-65	7.5-10.0	364	480	55.0-57.5
Stephen Riley	Retired 17 July 2007						

* The Cash Equivalent Transfer Value (CETV)

The accrued pension benefits and CETV at the start and end of year have not been included for reasons of simplicity. CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

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

Benefits in Kind

Payments to senior staff in the year were £16,665 (£5,900 in 2007) Benefits in kind to current employees are minimal. During 2007-8 Dr Fewster relocated to the UK from Australia to take up his post as Director. He was refunded £16,065 for disbursed moving expenses. However the Museum has been advised that a figure of £8,100 is deemed to be monetary value of 'benefits in kind' and so may be treated by the Inland Revenue as a taxable emolument. The former Director received benefits in kind of £600 in 2007-'08 and £5,600 in 2006-'07 and the Director Operations & HR £300 in 2006-'07. During the year, no other employees received any benefits in kind.

Kevin Fewster
 Director and Accounting Officer
 10 July 2008

7. REFERENCE AND ADMINISTRATIVE DETAILS

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

The Board of Trustees

During 2007-'08 members of the Board of Trustees were:

The Rt Hon The Lord Sterling of Plaistow GCVO, CBE, Chairman

and in order of first appointment:

His Royal Highness The Duke of York KG KCVO ADC

Patricia Rothman

Professor Dame Jocelyn Bell Burnell DBE

Professor Martin Daunton

Councillor Jagir Sekhon OBE

Nigel Macdonald

Jan Kopernicki

Alan Titchmarsh MBE VMH DL

Mrs Gilly Drummond DL

Sir John Guinness CB

Admiral the Lord Boyce GCB OBE DL

David Moorhouse

Dr David Quarmby CBE

Brief biographies of the Trustees are available from www.nmm.ac.uk in the 'About Us' section.

A Register of Interests is maintained and is available via the Museum Secretary. The Register of Interests is declared by the Trustees, the Executive and senior members of staff who play a role in significant procurement.

The Executive

During 2007-'08 members of the Executive were:

Dr Kevin Fewster AM	Director and Accounting Officer from 3 September 2007
Dr Margarette Lincoln	Deputy Director Acting Director and Accounting Officer from 1 June 2007 to 2 September 2007
Roy Clare	Director and Accounting Officer to 31 May 2007
Andy Bodle	Director, Operations and Human Resources
Angela Doane	Director, Collections
Norman Reed	Director of Finance and Enterprises
Stephen Riley	Director, Maritime Heritage (retired on 17 July 2007)

Other relevant organisations

Auditors	Comptroller & Auditor General National Audit Office 151 Buckingham Palace Road Victoria London SW1W 9SS Auditor of NMME and the Trust Funds: Baker Tilly UK Audit LLP Chartered Accountants and Registered Auditors Hanover House 18 Mount Ephraim Road Tunbridge Wells Kent TN1 1ED
Bankers	Royal Bank of Scotland 49 Charing Cross Admiralty Arch London SW1A 2ZD HSBC 275 Greenwich High Road Greenwich London SE10 8NF
Legal advisers	C.M.S. Cameron McKenna Mitre House 160 Aldersgate London EC1A 4DD

8. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2007-'08

Mr Sammy Ofer
The Department for Culture Media and Sport
The Heritage Lottery Fund
The Department for Education and Skills

Major Donors

Lloyd's Register Educational Trust
Science & Technology Facilities Council
ReDiscover
The DCMS/Wolfson Foundation Museums and Galleries Improvement Fund
Department for Education & Skills
The Heritage Lottery Fund
The Stavros S Niarchos Foundation
The Peter Harrison Foundation
The Weller Settlement Fund
The Weston Foundation
The Wolfson Foundation
Trinity House

Donors

Arts Council England, CHK Charities, The Embassy of Denmark, Anthony Inder Rieden, The Asprey Family Foundation, The Donald Forrester Trust, The William Falconer Charitable Trust, The Friends of the National Maritime Museum, The Peter Harrison Foundation, The Headley Trust, The Idlewild Trust, The Joseph Strong Fraser Trust, The Kirby Laing Foundation, The Leathersellers' Company Charitable Fund, Lloyd's Register Educational Trust, The MacRobert Trust, The Henry Moore Foundation, Stavros S Niarchos Foundation, The Risby Charitable Trust, The Sackler Foundation, The Sir John Fisher Foundation, The Stanley Thomas Johnson Foundation, The Veneziana Fund, Paul Wates, Worshipful Company of Constructors, Worshipful Company of Shipwrights.

Bequests

Mr P J Murray Testamentary Trust, Mr Arthur Donald Fleming.

Donors to 'A Universal Appeal' to redevelop the Royal Observatory Greenwich

Michael Brown, Caytrust Finance Company Ltd, James Gaggero, Maxi Gainza, Julia Harrison-Lee, Lady Hardy, Sir David Hardy, Lady Harris, Lee MacCormick Edwards PhD, Dr Robert Massey, John W. Oelsner, Captain CHH Owen RN, David Ross, Patricia Rothman, John Sharman, N. Squibb & Dr L. Mansfield, The Quarmby Fund, The Reeves Charitable Trust, The Shauna Gosling Trust, The Horace Moore Charitable Trust, The Society for Popular Astronomy, David Wells. And all those other donors, too numerous to mention, who have so generously supported the Universal Appeal and those who wish to remain anonymous.

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

Courtney M Brown, C Richard Carlson, Edwin Goodman, Lee MacCormick Edwards PhD, John W Oelsner, The Carlson Family Trust, The Dmitro Foundation, The Gladys Kriebel Delmas Foundation.

Sponsors

Accurist, Blackwall Green, The Crown Estate, Evergreen Shipping Agency (UK) Limited, John Swire & Sons Limited, Maritime & Coastguard Agency

Corporate Benefactor

BP Shipping, Evans & Sutherland.

Corporate Members

Accor UK, Braemar Seascope, DP World, Evergreen Shipping Agency (UK) Ltd, General Maritime Corporation, Hapag-Lloyd (UK) Ltd, Ince & Co, Liberty Syndicates, Lloyd's Register, Shell International Trading and Shipping Co. Ltd, Swiss Re, The Baltic Exchange, Yang Ming.

Associate Member

Cheeswrights, BMT Group

Corporate Loan Holders

Conran Holdings plc - The Orrery Restaurant, Lloyd's of London, Mandarin Oriental Hyde Park Hotel, Morgan Stanley & Co International plc, Pemberton Greenish, Rathbone Brothers plc, Simpson, Spence and Young Ltd, The Cayzer Trust Company, The Leathersellers' Company.

Patrons

Dayton Carr, Amelia Chilcott Fawcett, Stephan Frank, Gary and Beth Glynn, Lady Gosling, Howard and Patricia Lester, Robert Moore II, Clive Richards OBE DL, Susan T Zetkus.

Honorary Commodores – awarded for outstanding support and commitment to the Museum: Sir David Attenborough OM; Mr Richard Carlson; Sir David Hardy; Mr Peter Harrison; Mr Zvi Meitar M Jur; Libby Purves OBE; Dr David Quarmby CBE; Lord Rees of Ludlow; Professor NAM Rodger FBA; Mrs Coral Samuel CBE; Dava Sobel; Mr Peter Snow CBE; Dr David Starkey; Sir Arthur Weller CBE; Susan T Zetkus.

Donors to the Collection

During the year artefacts were donated, bequeathed or given in lieu of tax to the Museum by the following:

Lieutenant-Colonel Ian K Mackinnon; Mr. Patrick Bryan; Mr Arthur F Honnor; Mrs Margaret Murray Smith; Ms Carol Acworth; Mrs MRJ Ball; Mrs Eileen Coombes; Mr PGD Breton; Maritime and Coastguard Agency; Long Now Foundation; Downside Abbey; Mr. David Winstanley; Mr John Cowen; Dr Alan Pearsall; Mr. Richard Southall; Kelvin Hughes Ltd; Mr Andrew Crisford; British Records Association; Mr. John Garnish; Ministry of Defense; Mrs Jacqueline Izatt; Julian Romney, Earl of Romney; Sir John Guinness; Mr Robert Edmonds; Mr Aidan R Laing; Mrs Joan Duberley; Mr Malcolm Bullivant; Sea Containers Services Ltd; Mrs Andrea Lockhart; Mr John Waite; Mrs Thelma De Bourne; Miss Tessa and Miss Polly Spencer Pryse; Mrs Eileen and Mr Ronald Jarman; Mr Julian Bedale; Ms Sally Scott; Dr Robert Massey; Mrs Josceline Baker; Mrs Laura Walker; Mrs Josephine Elkins; Mrs Ann Waterman; Mrs Barbara Perkiss; Mr Chris Harrison; Mrs AN Dew; Mr Robert Witham; Fred Olsen Cruise Lines; Mr Ian C White.

To all of whom the Trustees are most grateful.

9. FINANCIAL REVIEW

The Consolidated Statement of Financial Activities on page 50 shows Incoming Resources of £25,578k (£25,986k in 2007). Resources expended amount to £22,920k (£20,602k in 2007). The Museum thus achieved a surplus of £2,658k (surplus of £5,384k in 2007).

The surplus of £2,658k is approximately £400k in excess of the budget for the year. The principle reason for the significant increase in incoming resources is the success of the fundraising campaign for the *Time and Space* redevelopment at the Royal Observatory Greenwich. The incoming resources for Other Voluntary Funds amounts to £2,626k (£5,282k in 2007) of which the vast majority is restricted to *Time and Space*.

Hence the surplus for the year does not represent an increase in uncommitted reserves.

The Grant-in-Aid allocated to the Museum from the DCMS has increased to a total of £18,491k (£17,008k in 2007) due to the additional capital funding predominantly used for Time and Space. The revenue element of Grant in Aid was £15,491k (£15,338k in 2007), of which the Museum has drawn down £15,491k in 2007-'08 (£15,258k in 2007) which includes £80k relating to expenditure by the Historic Ships Unit carried over from 2006-'07. The funding split is detailed in Note 3 in the accounts.

The Museum's other income has also increased in total. Underlying core activity has been carried out in line with the Museum's efficiency programme seeing greater returns for each pound of expenditure. Income results have been in line with market conditions.

The Museum has continued to invest significantly, with funding assistance from DCMS in the collections reform programme, especially in developing the Sammy Ofer Wing project, a major strategic priority.

The *Time and Space* project has generated timing differences between the project budget and actual expenditure, but the overall project was completed within its agreed financial parameters.

Reserves Policies

The Museum reserves at 31 March 2008 amounted to £110.11m of which the greater part, (£87.35m represented by land and buildings and £763k of assets under construction) has no realisable value to the Museum. A further £10,014k of the reserves is represented by other fixed assets which are not readily convertible into liquid resources. The value of net assets readily convertible into liquid resources is £11.98m of which £837k represents endowment and restricted funds. The Museum therefore holds free reserves of £11.146m (£9.638m in 2007).

Following the successful completion of the Time and Space project the Museum was in the position of having completed the major objective within the Strategic Plan "Towards 2015". The Board of Trustees and Executive commenced the development of a new strategic plan. However, in securing the Sammy Ofer pledge of £20m towards the redevelopment of the SW Wing the immediate priorities of the Museum became focussed on this capital project. Accordingly the development of the Museum Strategic Plan has been delayed whilst the Sammy Ofer Wing project is evaluated for embedding in the new plan.

The reserves policy of the Museum must reflect the requirement for fully funding the Sammy Ofer Wing and so the priority for reserves remains the provision of capital development funding.

The Museum's general policies concerning the level of free reserves are to:

- maintain sufficient liquid funds to meet liabilities as they fall due
- provide for the capital development programme
- provide for the collections development programme
- build up investments over time to provide additional income to cover non-commercial activities, notably including research and education
- maintain a fund to cover unforeseen circumstances

These policies are reviewed annually in the budgeting and planning process that sets the Museum's revenue and capital plans.

The Board of Trustees have designated reserves (Caird Fund and No3 Trust Fund) to generate income to support the research and education activities of the Museum £1,611k, and to fund future Museum capital and revenue development programmes £5,934k. These designated funds total £7.54million.

The Board of Trustees considers that to be prudent the Museum should maintain working capital reserves equivalent to approximately three months of expenditure. At current activity levels this represents a target level of approximately £5.73million. The current level of free general reserves is £3.6M.

The Museum is experiencing sustained growth in its activities and operations and its future developments, especially the Sammy Ofer Wing to be built over the next three years, will result in further capital and revenue expenditure. Accordingly in future years the level of working capital reserves required will grow beyond the current target of £5.73 million and further amounts of designated reserves may be needed.

The Board of Trustees requires the directors to manage the business and report on the activities without day to day recourse to these funds. Our funding level provides modest cover for unforeseen circumstances such as the income reduction arising from the downturn in tourist numbers experienced in the summer of 2005.

The Museum's free reserves are £2.12 million lower than the target reserve level of £5.73m the Trustees consider appropriate for prudent financial management.

Given the availability of the designated funds, the underlying reserves position is deemed acceptable for the currently identifiable requirements planned for the immediate future years, within the present forecasts for inflation.

Investment Policies

As at 31 March 2008, the Museum holds investments valued at £3,453k all of which are within the Caird Fund, the Development Fund and the No3 Trust Fund. The investments are held as units in a variety of funds managed by Jupiter Asset Management Limited, with the objective of providing a balance of capital growth and income from dividends. The individual investment holdings reflect the requirement for income or growth of the underlying trust funds.

Investment performance in the year has been disappointing after the gains of the previous two years reflecting the general investment market trends. This performance has resulted in an investment loss on revaluation of £472,000 (£267,000 gain in 2007). The result for the year represents a capital loss of 12.0% (FT All Share Index loss of 11.05%).

Fixed Assets

The net book value of fixed assets at the end of the year was £98,127k (£98,004k in 2007). Capital expenditure amounted to £4,424k in the year (£9,388k in 2007). Depreciation amounted to £3,676k (£3,109k in 2007).

The high levels of capital expenditure in this and the previous financial year reflect the investment being made in the *Time and Space* project at the Royal Observatory.

At 31 March 2008, the main Museum site and the Royal Observatory, Greenwich were revalued on a depreciated replacement cost basis, and the Brass Foundry and the Kidbrooke stores were revalued using the existing use basis. Independent valuers undertook these review revaluations and the results of the revaluation represent a reduction in the gross book value of land and buildings of £2,273k (gain of £2,165k in 2007). (See Notes 11 & 19.)

The Museum does not have ownership of the freehold to either the main Museum site or the Royal Observatory Greenwich and accordingly the site and buildings at Greenwich have no realisable value to the Museum. (See Note 11.)

Donations in kind

During the year artefacts to the value of £637k (£154k in 2007) were donated, bequeathed or given in lieu of tax to the Museum. [see Section 8 above]

Lord Sterling
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
10 July 2008

10. STATEMENT OF THE BOARD OF TRUSTEES' AND THE DIRECTOR AS ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees of the National Maritime Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Board's financial activities during the year and its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to:

- observe the accounts direction* issued by the Secretary of State for Culture media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Museum. The Director's relevant responsibilities as Accounting Officer including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in Managing Public Money.

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

Lord Sterling
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
10 July 2008

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

11. STATEMENT ON INTERNAL CONTROL

Scope of responsibility

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for maintaining a sound system of internal control which supports the achievement of the Museum's mission, responsibilities, objectives and policies whilst safeguarding public funds and the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under Managing Public Money.

The Museum has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes targets to assist the Department in meeting its Public Service Agreement targets and identifies the most significant risks to achieving the Museum's objectives. Progress against Funding Agreement targets is monitored at least twelve times a year.

The purpose of the system of internal control

The Museum's system of internal control is appropriate to the circumstances and business of the Museum and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Museum's mission, responsibilities, objectives and policies; 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 departmental 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.

Capacity to handle risk

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

The Audit Committee gives independent advice and guidance to the Accounting Officer and the Board of Trustees on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the Museum and oversees the work of the internal auditors.

Staff are trained to identify, evaluate and manage risk as a practical module on the Museum's management and specialist development courses and the Museum's Code of Practice on Risk Management, see below, is accessible to all. The Museum's Code adheres to HM Treasury's best practice guidance *Management of Risk – Principles and Concepts*.

The risk and control framework

Risk Management Policy:

The Museum's Risk Management Policy, endorsed by the Accounting Officer, Audit Committee and Board, says:

The Museum will operate a systematic and effective process of risk management following the Museum's Code of Practice on Risk Management. This document will be updated as and when to take account of lessons learned and good practice.

The Museum will monitor and control both the process of risk management and the risks themselves to ensure its continuing effectiveness; continuing value for money is being achieved; and that opportunities for the Museum's advancement are not being rejected.

The Museum's Code of Practice on Risk Management sets out the structures and procedures for the identification, evaluation, ownership, monitoring and control of risk at all levels of business planning - from the corporate process to the setting of individual staff's objectives.

Identification and Evaluation

At the corporate level strategic risks are revalidated, identified and evaluated by the Executive on a quarterly basis. These risks, their management and any current issues are then brought to the Audit Committee for further consideration and then on to the Trustee Board – following the quarterly frequency.

Risks at operational level are identified and evaluated in a structured way following the procedures given in the *Code of Practice on Risk Management*. These risks are tabulated in the Management Plan and responsibilities for their management defined.

As part of the Museum's project method procedures, the Executive requires project managers to identify and manage risks on all projects. All procurement, IT-enabled, and construction programmes and projects are reviewed under the OGC Gateway Review Process – the Sammy Ofer Wing is currently subject to scrutiny under this process.

Risk ownership

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

Responsibility is assigned at the relevant and appropriate level. As part of the appraisal, performance management, and objective setting mechanism, Executive Board and managers' performance agreements contain explicit requirements for identifying, assessing and managing the risks in their area of work in order to provide a reasonable assurance that their contribution to the Museum's objectives are met in the most efficient and economical way. These are linked to the Management Plan.

The Museum's Project Method provides a mechanism for assigning the ownership of project risks. Specialist risk managers exist within the Museum dealing with, for example, Health and Safety and Security.

Monitoring and Control

The Accounting Officer and Executive Board review performance against targets and objectives, and risks to that performance, on a monthly basis using a system of key performance and risk indicators established from the targets in the Funding Agreement and Management Plans. In addition, the Executive receives quarterly reports from project managers on the steps they are taking to manage risks on key projects including, where appropriate, the application of Gateway Review procedures. The Finance Committee and the Board of Trustees also review these performance reports on a quarterly basis.

Review of effectiveness

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for reviewing the effectiveness of the systems of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

The theft of a painting along with its subsequent recovery, referred to above on page 31, did not in our opinion constitute a break down in our controls - although a thorough review of security has taken place to minimise any recurrence of theft.

Managing Information Risk

The National Maritime Museum's Audit Committee has made an initial review of the Hannigan recommendations and during 2008-'09 will be examining these in detail to consider the Museum's alignment with those recommendations.

Internal Audit - the Museum employs an Internal Audit service, which operates to the Government Internal Audit Standards. The Internal Audit service submits regular reports and advice to the Accounting Officer, which includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year.

The remit of the Audit Committee also reflects Government Internal Audit Standards and Cabinet Office guidance.

Executive Board - each member of the Executive Board provides an annual assurance statement that confirms she or he has acted within the rules and procedures laid down by government for the operation of a public body and have sought to maximise value for money in all transactions.

The Museum views risk management as an active part of the management processes and will continue to develop and embed these systems, in line with the latest guidance and best practice.

The system of internal control has been in place in the National Maritime Museum for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Kevin Fewster, Director and Accounting Officer

10 July 2008

Nigel Macdonald, Chairman of the Audit Committee

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the National Maritime Museum for the year ended 31 March 2008 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cashflow 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 directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions. 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 directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises: the Museum Background; Mission, Responsibilities, Objectives and Values; Review of Activities, Achievements and Performance 2007-08; Future Strategic Priorities and Projects; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Financial Review, included in the Annual Report, 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 the National Maritime Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises: the unaudited part of the Remuneration Report; the Chairman's Foreword; the Director's Introduction; and Supporters of the National Maritime Museum 2007-08. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by 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 with the consent of the Treasury, of the state of the National Maritime Museum and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- the information, which comprises the Museum Background; Mission, Responsibilities, Objectives and Values; Review of Activities, Achievements and Performance 2007-08; Future Strategic Priorities and Projects; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Financial Review, included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by 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.

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

15 July 2008

**Consolidated Statement of Financial
Activities for the year ended 31 March 2008**

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000 Restated
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary Funds						
		17,954	537	-	18,491	17,008
		16	2,610	-	2,626	5,282
	3	17,970	3,147	-	21,117	22,290
Activities for Generating Funds						
	4	2,006	-	-	2,006	1,839
	5	549	425	-	974	678
		2,555	425	-	2,980	2,517
Investment Income						
	6	542	11	26	579	434
Total Incoming Resources from Generated Funds						
		21,067	3,583	26	24,676	25,241
Incoming Resources from Charitable Activities						
		376	6	-	382	443
		39	20	-	59	40
		123	338	-	461	262
	7	538	364	-	902	745
Total Incoming Resources						
		21,605	3,947	26	25,578	25,986
Resources Expended						
Cost of Generating Funds						
		947	-	-	947	1,016
Costs of Activities for Generating Funds						
	4	774	-	-	774	692
		1,298	-	-	1,298	1,046
		2,072	-	-	2,072	1,738
Investment Management Costs						
		17	1	1	19	16
Costs of Charitable Activities						
		12,713	2,193	-	14,906	13,492
		2,574	727	-	3,301	2,716
		1,166	350	25	1,541	1,471
Governance Costs						
	9	134	-	-	134	153
Total Resources Expended						
	8	19,623	3,271	26	22,920	20,602
Net Incoming Resources before transfers						
		1,982	676	-	2,658	5,384
Transfers						
		(11,419)	11,419	-	-	-
Net Incoming Resources before other Recognised Gains and Losses						
		(9,437)	12,095	-	2,658	5,384
Other Recognised Gains and Losses						
		-	(622)	-	(622)	3,513
		(427)	(8)	(37)	(472)	267
		(5)	(18)	-	(23)	(6)
	2	(2,279)	-	-	(2,279)	(2,180)
Net Movement in Funds						
	10	(12,148)	11,447	(37)	(738)	6,978
	2	2,279	-	-	2,279	2,180
Total net movement in funds						
		(9,869)	11,447	(37)	1,541	9,158
Funds balance brought forward at 01 April 2007						
		27,774	80,148	647	108,569	99,411
Funds balance at 31 March 2008						
		17,905	91,595	610	110,110	108,569

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £673,000 (£572,000 - 2007) as Gift Aid to the Charity.

All operations of the Museum continued throughout the two years and no operations were acquired or discontinued in either year.

The 2007 comparatives have been restated to reflect a restructured presentation of the SOFA.

The notes on pages 53 to 63 form part of these accounts.

Balance Sheets as at 31 March 2008

	Note	Group		Charity	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed assets					
Tangible Fixed assets	11	94,176	94,797	94,176	94,797
Heritage Assets	11	3,951	3,207	3,951	3,207
Investments	12	3,453	3,925	3,953	4,425
		<u>101,580</u>	<u>101,929</u>	<u>102,080</u>	<u>102,429</u>
Current assets					
Stock	14	339	413	147	153
Debtors	15	833	1,135	1,410	1,628
Short-Term Deposit	23	3,999	4,061	3,999	4,061
Cash at bank and in hand	23	6,158	3,913	5,549	2,944
		<u>11,329</u>	<u>9,522</u>	<u>11,105</u>	<u>8,786</u>
Creditors: Amounts falling due within one year	16	(2,691)	(2,730)	(3,033)	(2,561)
Net current assets		<u>8,638</u>	<u>6,792</u>	<u>8,072</u>	<u>6,225</u>
Total assets less current liabilities		<u>110,218</u>	<u>108,721</u>	<u>110,152</u>	<u>108,654</u>
Provisions for liabilities and charges	18	(108)	(152)	(108)	(152)
Net Assets		<u>110,110</u>	<u>108,569</u>	<u>110,044</u>	<u>108,502</u>
Income Funds					
Restricted funds	19	91,595	80,148	91,595	80,148
Unrestricted funds:					
Designated funds	20	14,369	25,253	14,303	25,186
General funds	20	3,536	2,521	3,536	2,521
		<u>109,500</u>	<u>107,922</u>	<u>109,434</u>	<u>107,855</u>
Capital Funds					
Endowments	21	610	647	610	647
Total Funds		<u>110,110</u>	<u>108,569</u>	<u>110,044</u>	<u>108,502</u>

Lord Sterling of Plaistow, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

10 July 2008

**Consolidated Cash Flow Statement
For the Year Ended 31 March 2008**

Cash Flow Statement	Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	23	5,414	8,611
Returns on investments and servicing of finance			
Interest received		579	434
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,787)	(9,234)
Proceeds from sale of investments		-	45
Realised (Loss) on current investments		(23)	-
Management of Liquid Resources			
Decrease in short term deposits		62	13
Increase/(Decrease) in cash	23	<u>2,245</u>	<u>(131)</u>

The notes on pages 53 to 63 form part of these accounts.

Notes to the Consolidated Accounts For the Year Ended 31 March 2008

1 Accounting Policies

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

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the inclusion of investments at market value. The Museum (Group) accounts includes the three Trusts (The Caird Fund, The Development Fund and The No. 3 Trust Fund), the American Fund of the National Maritime Museum and Royal Observatory, Greenwich and the trading subsidiary, National Maritime Museum Enterprises Limited (NMME). All figures shown as Charity are comprised of the Group results excluding NMME. The accounts are consolidated on a line-by-line basis.

(b) Incoming resources

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

(c) Expenditure

All expenditure has been accounted for on an accruals basis.

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

Costs of Generating Funds and Costs of Charitable Activities comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources in accordance with SORP 2005.

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

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

(d) Collection acquisitions (Heritage Assets)

In accordance with the HM Treasury's Financial Reporting Manual, additions to the collection (that is, Heritage Assets), acquired since 1 April 2001 are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such cost or valuation is reasonably obtained. Such items are not depreciated or revalued as a matter of routine.

(e) Tangible fixed assets

The Museum capitalises the purchase of assets which cost more than £1,000 and which have lives beyond the financial year in which they are bought.

All fixed assets are reported at cost less accumulated depreciation, except in the following instance:

- Land and buildings are professionally fully valued every five years; a full valuation was undertaken as at 31 March 2008. This was conducted 12 months earlier than scheduled due to the completion of the Time and Space capital project. In the years between full valuations of land and buildings a review based revaluation is undertaken.

No revaluation is undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

Depreciation is provided on all tangible assets, except freehold land and heritage assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis. For assets under construction, depreciation is not charged until the asset has been completed.

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

Indicative asset lives are as follows:

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

(f) Investments

Listed investments are classified as fixed assets and are valued at market price. The charity holds an unlisted investment in National Maritime Museum Enterprises Limited which is valued at historic cost.

(g) Stock

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

(h) Pension Schemes

Pensions costs are accounted for as they are incurred.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) 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).

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

Group Personal Pension Scheme

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

The Museum also provides, centrally, an insurance based cover for death in service and ill health benefits.

(i) Early retirement costs

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

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

(j) Foreign currencies

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

(k) Fund accounting

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

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

(l) Leases

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

(m) Taxation

The Museum is a Non Departmental Public Body Exempt Charity and as such is exempt from income taxation on charitable activities.

2 Notional Cost of Capital

In accordance with Treasury guidance, notional costs of capital are charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. These are reversed so that no provision is included in the balance sheet.

The notional cost of capital has been calculated as 3.5% (3.5% - 2007) of the average capital employed in the year, less amounts equal to the assets funded by donations (including Heritage Lottery Fund grants). The charge for the year is £2,279,000 (£2,180,000 - 2007).

3 Voluntary Funds

£18,491,000 (£17,008,000 - 2007) of Grant in Aid has been received from the Department for Culture, Media and Sport (Request for Resources 1) during the year.

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2008 £'000	2007 £'000
Operating Expenditure	15,043	-	-	15,043	14,577
Pension Uplift	111	-	-	111	111
Capital Grant	2,800	-	-	2,800	1,550
Collections Reform Grant	-	-	-	-	400
Time & Space Capital Grant	-	200	-	200	200
Historic Ships Unit	-	337	-	337	170
Total Grant in Aid	17,954	537	-	18,491	17,008
Capital Grant	-	-	-	-	186
Donations	16	1,071	-	1,087	1,334
Gifts in Kind	-	637	-	637	154
Heritage Lottery Fund	-	902	-	902	3,608
Total Voluntary Funds	17,970	3,147	-	21,117	22,290

Donated objects are artefacts given to the Museum with a value of £637,000 (£154,000 - 2007). Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

4 Results of Trading Subsidiary

The Museum has a trading subsidiary National Maritime Museum Enterprises Limited whose principal activities are merchandising through the Museum shops and the organisation of commercial activities and events. The company donates its profit to the Museum through Gift Aid. A summary of its trading results is shown below. Audited accounts are filed with the Registrar of Companies.

Profit and Loss Account

	2008	2007
	£'000	£'000
Trading Income	1,395	1,236
Cost of sales	(645)	(584)
	<hr/>	<hr/>
Gross profit	750	652
Income from other commercial activities	611	603
Administrative expenses	(733)	(712)
	<hr/>	<hr/>
Operating profit	628	543
Interest receivable and similar income	45	27
	<hr/>	<hr/>
Profit on ordinary activities before taxation	673	570
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
Profit on ordinary activities after taxation	673	570
Gift Aid donation to the Charity	(673)	(572)
	<hr/>	<hr/>
Profit/(Loss) retained in the subsidiary	-	(2)

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

Administrative expenses include charges of £604,000 (£604,000 - 2007) from the Museum.

Profits on ordinary activities after taxation of £673,000 (£572,000 - 2007) have been distributed as Gift Aid to the Charity.

Balance Sheet

	2008	2007
	£'000	£'000
Current Assets	1,473	1,335
Current Liabilities	(907)	(769)
	<hr/>	<hr/>
Total current assets less current liabilities	566	566
	<hr/>	<hr/>
Capital and Reserves		
Called-up equity share capital	500	500
Profit and loss account	66	66
	<hr/>	<hr/>
	566	566

Reconciliation of results of trading subsidiary to the consolidated Statement of Financial Performance

Trading income	1,395	1,236
Income from other commercial activities	644	603
Intercompany transactions	(33)	-
	<hr/>	<hr/>
Trading income per SOFA	2,006	1,839
	<hr/>	<hr/>
Administrative expenses	1,378	1,296
Intercompany transactions	(604)	(604)
	<hr/>	<hr/>
Trading costs per SOFA	774	692
	<hr/>	<hr/>
Investment income	45	27
Intercompany transactions	-	-
	<hr/>	<hr/>
Investment income included within SOFA	45	27

5 Activities for Generating Funds - Other

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

	Unrestricted	Restricted	Endowment	2008	2007
	Funds	Funds	Funds	£'000	£'000
	£'000	£'000	£'000		
Admissions	303	-	-	303	45
Donations	135	297	-	432	369
Event Attendance	6	-	-	6	0
Membership	36	-	-	36	0
Publications	31	-	-	31	92
Royalties	4	-	-	4	8
Sponsorship	-	128	-	128	155
Miscellaneous Other	34	-	-	34	10
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	549	425	-	974	679

6 Investment Income

Investment income is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2008 £'000	2007 £'000
Dividends received	85	2	9	96	84
Interest received - Bank interest	250	2	2	254	134
Interest received - Fixed Term Deposits	207	7	15	229	216
	542	11	26	579	434

7 Incoming Resources from Charitable Activities

Incoming Resources from Charitable Activities include the following:

	Safeguard & Enhance Assets £'000	Maximise Access £'000	Satisfy Stake- Holders £'000	Total Funds 2008 £'000	2007 £'000
Car Parking	15	-	-	15	16
Conferences	21	-	-	21	9
Filming & Photography	26	-	-	26	50
Licensing	55	-	-	55	55
Open Museum	-	-	85	85	34
Reproductions, Plans & Print Sales	179	-	-	179	187
Research	31	-	-	31	38
Revenue Grant	-	-	200	200	-
Specific Purpose Government Grants (Strategic Commissioning)	-	-	138	138	216
Corporate Loans	-	5	-	5	6
Other	55	54	38	147	134
	382	59	461	902	745

8 Analysis of Total Resources Expended

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

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

	2008 %	2007 %
Voluntary Expenses	44	45
Activities for Generating Income	5	4
Investment Expenses	1	1
Safeguard and Enhance Assets	35	33
Maximise Access	8	8
Satisfy Stakeholders	3	5
Governance	4	4

Activities Undertaken	Support Cost Allocation				Total 2008 £'000	Total 2007 £'000
	Directly £'000	Directorate £'000	Finance £'000	HR £'000		
Costs of Generating Funds						
Costs of generating voluntary funds	-	399	157	391	947	1,016
Costs of activities for generating funds	1,965	45	18	44	2,072	1,738
Investment management costs	8	5	2	4	19	16
Costs of Charitable Activities						
Safeguard & enhance assets	14,161	314	123	308	14,906	13,492
Maximise access	3,131	72	28	70	3,301	2,716
Satisfy Stakeholders	1,477	27	11	26	1,541	1,471
Governance	49	36	14	35	134	153
Total Resources Expended	20,791	898	353	878	22,920	20,602

(a) Staff Costs	2008	2007
	£'000	£'000
Wages and salaries - Permanent Staff	8,918	8,738
Wages and salaries - Agency and Temporary Staff	155	114
Social security costs	809	797
Pension costs	640	674
Early retirement and termination costs	24	98
	<u>10,546</u>	<u>10,421</u>

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

	2008	2008	2008	2008	2007
	Staff	Temporary, Contract and Agency	Staff on Capital Projects	Total	Total
Costs of Generating Funds:					
Costs of Generating Voluntary Funds	-	-	-	-	-
Costs of Activities for Generating Funds	41	1	-	42	36
Investment Management Costs	-	-	-	-	-
Costs of Charitable Activities					
Safeguard & Enhance Assets	289	2	-	291	280
Maximise Access	13	1	-	14	33
Satisfy Stakeholders	18	2	3	23	25
Administration/Support Costs	30	-	-	30	33
	<u>391</u>	<u>6</u>	<u>3</u>	<u>400</u>	<u>407</u>

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

	2008	2007
£60,001 - £65,000	1	1
£70,001 - £75,000	-	1
£75,001 - £80,000	1	2
£80,001 - £85,000	1	-
£90,001 - £95,000	3	1
£130,001 - £135,000	-	1
	<u>6</u>	<u>6</u>

Of the six employees earning over £60,000 per annum there are two for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution, for these individuals, to the PCSPS was £33,875 (£42,826 - 2007) and to the NMM Group Personal Pension Plan was £27,091 (£21,407 - 2007).

The Principal Civil Service Pension Scheme (PCSPS)

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

For 2007-08, employers' contributions of £243,000 were payable to the PCSPS (£265,000 - 2006-07) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2006-07 were between 17.1% and 25.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Group Personal Pension Scheme

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

Employers' contributions of £383,000 were paid in 2007-08 (£392,000 - 2006-07) into the Group Personal Pension schemes. These are defined contribution schemes.

Other Personal Pension Scheme

Contributions of £14,000 were paid in 2007-08 (£17,000 - 2006-07) to other private pension schemes on behalf of individuals.

Additional information on staff costs is provided in the Remuneration Report on page 33.

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2007). Expenses reimbursed (for travel and subsistence) to five Trustees amounted to £667 (£530 - 2007).

9 Governance

Governance costs are made up of:

	2008	2007
	£'000	£'000
External Audit	33	32
Internal Audit	16	32
Apportionment of Support Costs	85	89
	<u>134</u>	<u>153</u>

The external audit fee of £33,000 (£32,000 - 2007) does not include any fees for non-audit work.

The external audit fee is for the audit of the Museum only. External audit fees for the audits of NMME and the Trusts of £15,000 have been included within costs of general funds.

10 Net Movement in Funds

	2008	2007
	£'000	£'000
Net movement in funds is arrived at after charging:		Restated
Auditors' remuneration - for Museum (within Governance Costs)	33	32
Auditors' remuneration - for NMME and trusts (within Costs of Generating Funds)	15	12
Lease rental payments on land and buildings	177	153
Lease rental payment - other	83	81
Early Retirement Fund Spend	44	123
Loss on Sale of Assets	3	4
Depreciation	3,676	3,109

11 Tangible Fixed Assets

	Freehold	Equipment	Collection	Motor	Assets	Total
	Land and	Fixtures &	(including	Vehicles	Construction	£'000
	Buildings	Fittings	Computers)	Acquisitions	£'000	£'000
Cost or valuation:	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2007	76,269	10,777	4,463	3,207	149	14,092
Additions	1,409	595	913	744	-	763
Disposals	-	(667)	(117)	-	-	-
Transfers Between Asset Class	11,945	1,266	881	-	-	(14,092)
Revaluation (loss)	(2,273)	-	-	-	-	-
At 31 March 2008	<u>87,350</u>	<u>11,971</u>	<u>6,140</u>	<u>3,951</u>	<u>149</u>	<u>763</u>
Accumulated depreciation:						
At 1 April 2007	-	7,389	3,451	-	113	-
Depreciation Charge for the year	1,651	1,093	905	-	27	-
Disposals	-	(664)	(117)	-	-	-
Revaluation (loss)	(1,651)	-	-	-	-	-
At 31 March 2008	<u>-</u>	<u>7,818</u>	<u>4,239</u>	<u>-</u>	<u>140</u>	<u>-</u>
Net Book Value at 31 March 2008	<u>87,350</u>	<u>4,153</u>	<u>1,901</u>	<u>3,951</u>	<u>9</u>	<u>763</u>
Net Book Value at 31 March 2007	<u>76,269</u>	<u>3,388</u>	<u>1,012</u>	<u>3,207</u>	<u>36</u>	<u>14,092</u>

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

The Land and Buildings have been professionally valued at 31 March 2008 by external valuers, Gerald Eve, Chartered Surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors and FRS15 - The Financial Reporting Standards for Tangible Fixed Assets. In the years between full valuations a professional interim review of the Land and Buildings is undertaken by the external valuers.

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

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

Legal and Statutory Constraints

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

Revaluation was carried out on the following assets for 2007-08 :

	Cost	Revaluation
	£'000	£'000
Main site - Land and Buildings	48,000	67,000
Royal Observatory - Land and Buildings	14,054	18,000
The Brass Foundry - Land and Buildings	325	780
Kidbrooke Stores - Land and Buildings	1,260	1,570
	<u>63,639</u>	<u>87,350</u>

The closing revaluation figure is the sum of cost and the cumulative total of annual revaluations.

No revaluation has been undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

Capital expenditure commitments were as follows:

	2008	2007
	£'000	£'000
Authorised by the Board of Trustees, but not yet contracted	947	886
Contracted for but not provided in the accounts	454	2,722

Capital expenditure commitments in 2007 represent the Time and Space Project which commenced construction during 2004/05, this was completed in May 2007.

	2008	2007
	£'000	£'000
Capital projects net income		
As shown in the Statement of Financial Activities	2,858	7,027

12 Investments

Quoted Investments	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Market value at 1 April 2007	3,925	3,709	3,925	3,709
Disposal Proceeds	-	(45)	-	(45)
Loss on Disposal	-	(6)	-	(6)
Net (Loss)/Gain on revaluation	(472)	267	(472)	267
Market value at 31 March 2008	3,453	3,925	3,453	3,925
Historical cost as at 31 March 2008	2,435	2,435	2,435	2,435
Unquoted Investment: Cost as at 31 March 2008	-	-	500	500
Total Investments	3,453	3,925	3,953	4,425

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

13 Financial Instruments (FRS 13)

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year, in creating or changing the risks the Museum faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months of the Balance Sheet date have been omitted from this note.

Liquidity Risk

The National Maritime Museum receives the majority of its income by way of Grant in Aid and as a result there is little exposure to liquidity risk.

Foreign Currency Risk

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

Interest Rates Risk

The National Maritime Museum has no borrowings and all cash deposits are for terms of less than three months, consequently there is no exposure to interest rate risk on its liquidity.

Financial Assets

	Total £000	Floating Financial Assets £000	Fixed Financial Assets £000	Assets Earning Equity Return £000	Weighted Average Fixed Int Rate	Weighted Average Period for Which Rate Is Fixed
Year ended 31.03.08 Sterling	13,610	6,158	3,999	3,453	5.8%	3 Months
Year ended 31.03.07 Sterling	11,899	3,913	4,061	3,925	5.3%	3 Months

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

Reconciliation to Accounts

	2008 £'000	2007 £'000
Cash	6,158	3,913
Investments (Current Assets)	3,999	4,061
Investments (Fixed Assets)	3,453	3,925
Total	13,610	11,899

14 Stock

Goods for resale	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
	339	413	147	153

15 Debtors

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade debtors	248	213	170	153
Amount owed by subsidiary	-	-	673	571
Prepayments and accrued income	235	363	235	346
Taxation (VAT)	307	519	307	519
Other debtors	43	40	25	39
Total	833	1,135	1,410	1,628
Balances with Central Government Bodies	310	520	310	520
Balances with local authorities	130	124	130	124
Balances with bodies external to government	393	491	970	984
Total	833	1,135	1,410	1,628

16 Creditors: Amounts falling due within one year

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade creditors	582	1,144	568	1,117
Other creditors	117	153	585	27
Taxation and social security	232	236	232	236
Accruals and deferred income	1,760	1,197	1,648	1,181
Total	<u>2,691</u>	<u>2,730</u>	<u>3,033</u>	<u>2,561</u>
Balances with Central Government Bodies	232	236	232	236
Balances with local authorities	10	-	10	-
Balances with bodies external to government	2,449	2,494	2,791	2,325
Total	<u>2,691</u>	<u>2,730</u>	<u>3,033</u>	<u>2,561</u>

17 Operating Leases

As at 31 March 2008 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Buildings				
- Within one year	-	153	-	153
- Between two and five years	-	-	-	-
- After five years	239	-	239	-
Total	<u>239</u>	<u>153</u>	<u>239</u>	<u>153</u>
Other				
- Within one year	-	-	-	-
- Between two and five years	14	80	-	-
- After five years	-	1	-	1
Total	<u>14</u>	<u>81</u>	<u>-</u>	<u>1</u>

The increase in buildings obligations arises due to the renegotiation of agreements for leased premises.

18 Provisions for Liabilities and Charges

	Balance 1 April 2007		Additions £'000	Payments £'000	Balance 31 March 2008	
	£'000	£'000			£'000	£'000
Early retirement - as described in the accounting policies	152	9	9	(53)	108	
	<u>152</u>	<u>9</u>	<u>9</u>	<u>(53)</u>	<u>108</u>	

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

19 Restricted Funds

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

	Balance 1 Apr 2007 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2008 £'000
Land and Buildings Fund	48,937	-	(1,651)	1,651	13,354	62,291
Revaluation Reserve	27,332	-	-	(2,273)	-	25,059
Special Purpose Fund	-	764	(664)	-	(100)	-
Collections Capital Fund	3,207	582	-	-	162	3,951
Time & Space Capital Fund	-	2,176	(234)	-	(1,942)	-
New Opportunities Capital Fund	392	-	(325)	-	-	67
American Fund of the National Maritime Museum, Greenwich	10	76	0	(18)	(55)	13
National Historic Ships Unit	46	338	(384)	-	-	-
No. 3 Trust Fund - Sackler Fund	153	8	(13)	(6)	-	142
No. 3 Trust Fund - Anderson Fund	66	3	-	(2)	-	67
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
	80,148	3,947	(3,271)	(648)	11,419	91,595

The Land and Buildings Fund was established in 1989 when the title to the main Museum site at Greenwich was transferred from the Secretary of State for the Environment to the Trustees.

In March 1999, the Royal Observatory, Greenwich was incorporated into the Land and Buildings Fund at a value of £700,000 reflecting the incomplete title held. In March 2004 a new Royal Warrant granted occupation rights to the entire site of the Royal Observatory, Greenwich and a revaluation adjustment of £4,250,000 was added to the Revaluation Reserve Fund.

The Revaluation Reserve represents the cumulative increase in value of land and buildings as a result of our revaluation policy.

The Capital Additions Fund represents grants and donations for non-specific capital projects. The transfers to the Tangible Asset Fund have occurred during the year as a result of expenditure incurred.

The Special Purpose Fund represents the value of grants received by the Museum for a specific purpose, for example, funds received for use in a temporary exhibition.

The Collections Capital Fund was established on 1 April 2001 and represents the value of additions to the collections of the Museum. The positive transfer to the collections fund is an allocation of general funds for acquisition of collections.

The Time and Space Capital Fund was established in 2004 to reflect the value of grants and donations received and used for the re-development of the Royal Observatory, Greenwich. The transfer to the Tangible Asset Fund have occurred during the year as a result of expenditure incurred. The Museum has contributed unrestricted funds to this project in lieu of restricted pledges due to be received in 2008/09.

The New Opportunities Fund was established in 2003 to reflect the value of lottery grant received and used for the content development of the Port Cities worldwide website.

The American Fund of the National Maritime Museum, Greenwich was established in January 2003 to facilitate the receipt of donations for the benefit of the National Maritime Museum at Greenwich from the United States.

The National Historic Ships Unit Fund was established in 2005 to support research, publications, training, recording and similar activities relating to the preservation of historic vessels. On an interim basis the Unit is funded by DCMS and is located on site at the National Maritime Museum.

No. 3 Trust Fund - Restricted Funds

The Sackler Caird Fund was established over a three year period from 1992 to support a research fellowship in areas directly related to the history of astronomy and navigational sciences.

The Anderson Fund was established in 1992 following receipt of a legacy to support a fellowship in naval and maritime history.

The Bosanquet Fund was established in 1959 by Henry Bosanquet to provide funding for the purchase of library books.

20 Unrestricted Funds

The income funds of the Museum include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance 1 April 2007 £'000	Income £'000	Expenditure £'000	Other Gains & (Losses) £'000	Transfers £'000	Balance 31 March 2008 £'000
Tangible Asset Fund	17,994	-	(1,701)	-	(9,535)	6,758
Collections Fund	44	-	-	-	(44)	-
Caird Fund	1,218	47	(57)	(90)	20	1,138
Development Fund	5,457	250	(5)	(320)	552	5,934
No. 3 Trust Fund	474	23	(7)	(17)	-	473
Trading Funds	66	2,052	(2,052)	-	-	66
Designated Funds	25,253	2,372	(3,822)	(427)	(9,007)	14,369
General Funds	2,521	19,233	(15,801)	(5)	(2,412)	3,536
	27,774	21,605	(19,623)	(432)	(11,419)	17,905

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

21 Endowments

	Balance 1 April 2007 £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Balance 31 March 2008 £'000
Permanent endowments:					
The Caird Fund	497	19	(19)	(37)	460
The Sackler Fund (part of No. 3 Trust Fund)	150	7	(7)	-	150
	647	26	(26)	(37)	610

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment. The Committee for the time being is required to apply the income thereof in perpetuity for the purpose and benefit of the National Maritime Museum at Greenwich.

The Sackler Fund was created under a trust deed dated 01 December 1992. The original capital was provided as a permanent endowment. The Committee for the time being is required to apply the income thereof in perpetuity for the purpose of supporting a research fellowship in areas directly related to the history of astronomy and navigational sciences. During the year fund was reviewed and reclassified.

22 Analysis of Group Net Assets between Funds

	Unrestricted Designated Funds £'000	Unrestricted General Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Fund balances at 31 March 2008 are represented by:					
Heritage Assets	-	-	3,951	-	3,951
Tangible Fixed assets	6,759	-	87,417	-	94,176
Investments	2,616	-	227	610	3,453
Current assets	7,793	3,536	-	-	11,329
Creditors: Amounts falling due within one year	(2,691)	-	-	-	(2,691)
Provisions for liabilities and charges	(108)	-	-	-	(108)
Group Net Assets	14,369	3,536	91,595	610	110,110

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

Reconciliation of movements

in unrealised gains on land and buildings:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000
Unrealised gains at 1 April 2007	-	27,332	-	27,332
Net gains/(losses) arising on revaluation	-	(2,273)	-	(2,273)
Unrealised gains at 31 March 2008	-	25,059	-	25,059

Reconciliation of movements

in unrealised gains on investments:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000
Unrealised gains at 1 April 2007	1,369	11	110	1,490
Net loss arising on revaluations	(427)	(8)	(37)	(472)
Unrealised gains at 31 March 2008	942	3	73	1,018

23 Reconciliation of net incoming resources to net cash inflow from operating activities

		2008 £'000	2007 £'000
Net incoming resources		2,658	5,384
Donated Objects	Note 3	(637)	(154)
Depreciation charges	Note 11	3,676	3,109
Investment income	Note 6	(579)	(434)
Decrease in stock	Note 14	74	88
Decrease/(Increase) in debtors	Note 15	302	(77)
(Decrease)/Increase in creditors	Note 16	(39)	814
(Decrease) in provisions	Note 18	(44)	(123)
Loss on Disposal of Fixed Assets	Note 11	3	4
Net cash inflow from operating activities		5,414	8,611

Reconciliation of increase in cash to movement in net funds

	2008 £'000	2007 £'000
Increase/(Decrease) in cash in the period	2,245	(131)
Increase/(Decrease) in liquid resources in the period	(62)	(13)
Change in net funds resulting from cash flows	2,183	(144)
Net funds at 1 April 2007	7,974	8,118
Net funds at 31 March 2008	10,157	7,974

Analysis of net funds

	At 1 April 2007 £'000	Cashflow 31 March 2008 £'000	2008 £'000
Cash at bank	3,906	2,245	6,151
Pay Master General	3	-	3
Cash in Hand	4	-	4
Liquid resources - Short Term Deposit	4,061	(62)	3,999
Net funds	7,974	2,183	10,157

24 Related party transactions

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

a) The Department for Culture, Media and Sport

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

	2008	2007
	£'000	£'000
Grant in Aid received	15,491	15,258
Capital Grants received	3,000	1,750
Total received from DCMS	<u>18,491</u>	<u>17,008</u>

b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants for the Time and Space project from the Heritage Lottery Fund (HLF). The HLF shares the same parent Department (DCMS) and is therefore a related party. There were no outstanding balances at the end of the year.

	2008	2007
	£'000	£'000
Capital Grants received from the Heritage Lottery Fund	<u>902</u>	<u>3,608</u>

c) The Trustees, Staff and Other Related Parties

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

Related Party	Nature of Relationship	Value of income received during the year £'000	Value of expenditure during the year £'000	Nature of transaction
Chatham Historic Dockyard Trust	Non Departmental Public Body, sponsored by DCMS	-	250	Capital contribution to regeneration programme at Chatham Sites
Friends of the National Maritime Museum	Sir J Guinness, D Moorhouse and D Quarmby, members of the Council of the related party, served as Trustees during the year	50	-	Donation
Lloyds Register Educational Trust	D Moorhouse, Chair of Trustees of the related party, served as a Trustee during the year	300	-	Donation
Shell International Trading & Shipping Company Limited	J Kopernicki, a Director of the related party, served as a trustee during the year	6	-	Contribution as part of the Corporate Members Scheme
Sir John Guinness	Sir J Guinness served as a Trustee during the year	0	-	Donation - diary of Edward Guinness
University of Cambridge	M Daunton, a Professor at the related party, served as a Trustee during the year	-	1	Purchase of images and reproduction charges
University of Greenwich	D Quarmby, a Governor of the related party, served as a Trustee during the year	-	2	Sponsorship of UKERMA and training costs
		<u>356</u>	<u>253</u>	

There are no outstanding balances at the year end.

25 Contingent Liabilities

The Museum had no contingent liabilities at the year end.

26 Post Balance Sheet Events

These financial statements were authorised for issue on 15 July 2008.

There are no other post balance sheet events to report.

27 Control of the Consolidated Entities

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



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