

# The National Gallery Annual Report and Accounts for the year ended 31 March 2022

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

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# Contents

Objectives and activities	3
Our strategic vision	3
Review of achievements and performance in 2021-22	4
The Gallery at 200	4
The Gallery Across the Nation	4
The Gallery Across the World	5
Research for Public Benefit	5
Commercial and Development	5
Exhibitions	6
The Year Ahead	7
DCMS Key performance indicators	8
Financial Review	9
Financial performance	9
Financial position	10
Fundraising and resources	10
Investment policy	11
Reserves policy	12
The Trust Funds of the National Gallery	13
Impact of the Ukraine-Russia War	13
Financial Impact of the Covid 19 Pandemic	13
Reference and Administrative Details	14
Payment policy	15
Immunity from Seizure Report 2021-22	15
Sustainability report	16
Greenhouse gas (GHG) emissions	17
Remuneration report	21
Staff report	25
Statement of Trustees' and Director's responsibilities	28
Governance Statement	29
The Certificate and Report of the Comptroller and Auditor General to Houses of Parliament	36
Consolidated Statement of Financial Activities	40
Consolidated and Gallery Balance Sheets as at 31 March 2022	42
Consolidated Statement of Cash Flows	43
Notes to the Financial Statements	44



## Objectives and activities

The National Gallery exists so that people can engage with great art. In a financial year which saw what we hope is the beginning of the end of the Coronavirus pandemic, that task has rarely been so important.

The National Gallery is a public museum with a uniquely important collection of pictures for the benefit of all. It tells a coherent story of European painting spanning seven centuries and reflects how artists and the societies in which they lived have responded to myth and religion, history and contemporary events, landscape and the human form, and to the tradition of art itself. The National Gallery constitutes a living legacy of humanity's highest cultural achievements in painting and is an inestimable resource for understanding the world as we have inherited it.

We believe the National Gallery has an important role to play in enabling people to understand and negotiate the changes that society is undergoing by providing long-term historical perspective; through mediated access to works of art of great significance and beauty, and by the provision of a safe environment for reflection on questions of identity, beliefs, and on the relationship between the past and the present.

The Gallery's charitable objectives are written into statute by the Museums and Galleries Act 1992 and underpin all the activity we undertake. The objectives are that the Gallery will care for and add to the collection; that it will display the collection to the public; that it will advance scholarship and research; and that it will promote the enjoyment and understanding of art.

### Our strategic vision

In the last financial year the Gallery began delivering its new Strategic Plan, which set out its vision for the future. Covering the period 2021-2026, our new strategic plan takes in the key year of 2024, in which we will be 200 years old. This gives us a unique chance to celebrate the collection and rededicate it to the people who own it – the citizens of the United Kingdom. We believe our strategic plan will help us to do that.

In the strategy, we describe how we will work over the next few years to relaunch the National Gallery as the Gallery for the nation. This includes welcoming more people into the Gallery than ever before, engaging young people from all backgrounds in the wonders of our collection, using our skills in the digital world to win new audiences both in the UK and across the globe, and being a resource for the nation and for the world.

Our vision for the coming years is based on four strategic pillars. These are:

- The Gallery at 200
- The Gallery across the Nation
- The Gallery across the World
- Research for Public Benefit

Below we describe the actions we have taken in the last year to advance our plan's delivery.

## Review of achievements and performance in 2021-22

### The Gallery at 200

The Gallery's plans for its Bicentenary focus on a programme of activity at the Gallery, across the Nation and for global digital audiences, and on a set of major capital projects that will reshape the Gallery estate for our third century.

On 10 May 2024 we come together and start our celebration of the National Gallery's Bicentenary – 200 years of bringing people and paintings together. In 2024, we will celebrate our past and look forward to our future with a year-long festival of art, creativity and imagination which sets the tone for our third century. We want the whole nation to join our celebration as part of an ambitious programme of events and exhibitions that extends from the Gallery into Trafalgar Square, across the nation, and to the world through a series of online and virtual experiences.

Following on from the successful opening of the One Gallery Accommodation Hub in August 2021 (our major capital project to create new office spaces to bring all staff under one roof in the main Trafalgar Square building), as a commitment to our next 200 years, we will then end the celebrations with our latest addition to our building in Trafalgar Square – an entrance and welcome fit for the 21st century. The capital projects will see the development of a new welcome in the Sainsbury Wing, a new Research Centre, a modernised Learning Centre, and a remodelled public realm on Jubilee Walk. This has been developed as a programme of works that aims to create a welcoming sense of arrival, social spaces for interaction and connection, and resilience to current and future needs and expectations, be that financial, social, technological or environmental. The project has adopted targets and developed bespoke solutions that align with the Gallery's wider vision of sustainability. After a selection process held in early 2021, a team led by Selldorf Architects was appointed. The design team began work in September 2021. This concluded in June 2022.

### The Gallery Across the Nation

The Gallery's aims for this strategic area are to raise the profile of our national work – demonstrating that we are a national institution at the heart of national life. This year 35,000 school pupils, 4,500 teachers, 14,000 children and adults in family groups and 59,000 adult learners participated in the National Gallery's Learning Programme, both onsite and online.

We continue to work in partnership with children and young people, enabling them to inspire positive change through art and culture, for themselves and others. Critical to this aim is the creation of a new national learning service, increasing participation in areas of greatest need. To support this aim we have become the new home of Articulation – a national education programme for students aged between 14 and 23, aimed at championing the arts and empowering young people to gain confidence in themselves and their future. Its transfer to the National Gallery was announced at the Articulation Grand Final in March 2022.

Each year, as part of our Take One Picture programme, the Gallery invites primary schools nationwide to focus on one of its paintings and respond creatively to its themes and subject matter, historical context, or composition. This year the National Gallery selected *The Battle of San Romano* (1438–40) by Paolo Uccello as the source of inspiration. An exhibition of selected children's artworks from 30 schools was shown at the National Gallery from June to September 2021, which was seen by 43,520 visitors.

We share our collection across the UK in innovative ways, creating new partnerships and strengthening existing ones, and support the work of collections throughout the nation by sharing our skills. Following the pandemic-related postponements of 2020, the Gallery was delighted to reinvigorate its national touring exhibition programme. Partnerships with a host of UK museums resulted in a dynamic and wide-ranging programme which connected audiences and paintings nationwide. The National Gallery Masterpiece Tour: *Degas* opened at Gallery Oldham, with an imaginative exhibition which took the artist's impressive painting of *Helene Rouart in her Father's Study* as a starting point for an exploration of the ways women and their identities are represented in portraiture.

Post Covid-19 much of the UK museum sector is facing significant resource challenges yet is keen and indeed needs to continue to stage engaging exhibition programmes. New touring packages have been devised in a way which ensures high quality content with ease of management for partners and, whilst partners are asked to cover direct costs, the Gallery has waived any administration fee as a way of offering further support to the sector. *Sin, Dutch Flowers* and *Sensing the Unseen* were made available to national partners in September 2021 and are already fully booked. The first display of *Sensing the Unseen* took place at Winchester Cathedral 22 January – 3 April 2022.

## The Gallery Across the World

The National Gallery's strategic plan made digital central to our aims for the museum's future. There we articulated a vision of the Gallery as a new kind of hybrid institution, serving global audiences on a huge scale, whilst building a membership business and set of experiences in and around the Gallery that built new audiences for the long term.

In the last year we have begun to make that vision a reality. Supported by a grant from Bloomberg Philanthropies' Digital Accelerator Fund we have begun the process of building this larger audience and making the changes to content, production and process that will be required to sustain it. Central to that has been the Gallery's September 2021 launch on TikTok. TikTok is a short form video platform, where narratives are typically told in around 15 seconds, which reaches a billion users around the world.

Working with support from TikTok, the Gallery developed new storytelling formats to share our art in this distinct and distinctive space. We have seen, very quickly, astonishing results. By May 2022 we had passed 160,000 followers on the platform and, at the time of writing, only the Prado has more followers than we do amongst the world's major museums. We have set ourselves the target of TikTok becoming our most popular social media platform by late 2023, and this ambition seems realistic.

Alongside telling stories in new places we have also been developing new ways of producing them. By investing in new tools and technologies, we are able to work faster and more nimbly. This has led to the first video produced entirely in a virtual gallery. Telling the story of Renoir's *The Umbrellas*, this piece is produced inside a 3D representation of one of our galleries, using tools used in game and film production. This increasingly digitised approach to production will support our ongoing exponential audience growth in the years ahead, helping us fulfil our bold vision of a digitised future.

## Research for Public Benefit

Research underpins our entire programme of public engagement, both digital and physical, from exhibitions and displays, to publications, talks and films. In the past year we have undertaken numerous projects that show the strength of public benefit this work creates. This will help us achieve our strategic aim to build a thriving, dynamic research community for the Gallery which helps us to be the world's pre-eminent centre for research into historic painting.

In *Virtual Veronese* the National Gallery brought a sixteenth-century altarpiece back to the chapel for which it was created, for the first time in over 200 years, through a new, free digital experience. Visitors to the Gallery experienced Veronese's painting *The Consecration of Saint Nicholas* as it would have been seen in its original Italian church setting in 1562 by using virtual reality headsets. *Virtual Veronese*, which created a 3D model of the chapel, began as a research and development project looking at how the Gallery could share research with a wider audience by using immersive technologies to explore new ways of telling its stories.

Our extensive series of *Conservation Films* takes visitors behind the scenes into the private world of the National Gallery's conservation and science studios. To date, we have made seventeen films, following conservation treatments on pictures as different as Margaritone d'Arezzo's *Virgin and Child with Saints*, Lawrence's *The Red Boy*, Piero della Francesca's *Nativity*, Rubens' *Het Steen* and Constable's *The Haywain*.

Publications this year which are the result of National Gallery research include *Dürer's Journeys*, *Poussin and the Dance*, *Artist in Residence: Ali Cherri*, *Conversations with God*, *Kehinde Wiley at the National Gallery: The Prelude* and *Gainsborough's Blue Boy*. Research activity has continued with the growth of the National Gallery research seminars, digitally and in person, and the major *Dürer's Journeys* conference.

We have published on our website the first two phases of a research project "*Legacies of British Slave Ownership*", part of a partnership with University College London's (UCL) Centre for the Study of the Legacies of British Slavery (LBS). Our project has begun to find out about what links to slave-ownership can be traced within the Gallery, and to what extent the profits from plantation slavery impacted our early history. The project has been guided by the 'retain and explain' policy. From the information provided on the National Gallery website, users will be able to determine for themselves the nature and extent of these connections.

## Commercial and Development

Looking to the future, both short and long term, the financial sustainability of the Gallery will become increasingly dependent on both commercial and development income growth. The development team are focused on both securing donors to support some of the day-to-day activities of the Gallery and on delivering the £50m fundraising campaign to support both NG200 and the Bicentenary projects.



The Gallery recognizes that the delivery of a single integrated customer and business strategy which is fully embedded in the Gallery operationally is critical to the future success of its commercial strategy. At the heart of the Gallery's development of the customer experience is our commitment to our target audiences in line with the Gallery's audience strategy, with a focus on the British Over 50's segment, Young British Adults and international audiences, onsite, online and offsite. We will align our technology, data, marketing, offers and develop new products and services to achieve this goal.

National Gallery Global (NGG), formerly known as National Gallery Company, has been the main trading entity of the Gallery and its activities have expanded commensurate with that role. However, for historical reasons, NGG was created by and owned by the National Gallery Trust, itself originally set up in the 1980s to manage the Gallery's publications department. This structure has been largely successful commercially but the need to deliver a unified experience to the Gallery's customers has precipitated a reconsideration of its ownership.

In April 2021, the Gallery completed a key project simplifying the ownership status of NGG through a share transfer from the National Gallery Trust to the National Gallery. This change was made to realise sensible efficiencies in the inter-organisational process. However, it is only the start of a deeper ambition to better organise the Gallery's resources to realise the commercial potential we have. With our Bicentenary approaching, with a capital works project in progress which offers the context for significant change, and in the light of ongoing uncertainty as to future public funding, this is the right time to think ambitiously.

## Exhibitions

The Gallery was pleased to stage a wide-ranging programme of twelve ticketed and free exhibitions at Trafalgar Square, including the extension of those projects which had been most severely impacted by lockdowns during 2020. In addition to major exhibitions on Dürer, in partnership with the Suermondt-Ludwig Museum Aachen, and Poussin in partnership with the J Paul Getty Museum, Los Angeles, the Gallery was delighted to create spotlight exhibitions for major masterpieces, including the Polish national icon The Astronomer Copernicus by Jan Matejko and Gainsborough's Blue Boy, on loan for the first time in a century and opening exactly one hundred years to the day when it was last seen in the UK.

The following exhibitions were open at the Gallery during the period 2021-2022. All exhibitions were closed during the period of national lockdown, 16 December 2020 – 16 May 2021.

Exhibition	Attendance	Location
2020 National Gallery Artist in Residence Rosalind Nashashibi: An Overview of Passion and Sentiment	(*)	Room 30 25 November 2020 – June 2021
Sensing the Unseen: Step into Gossaert's 'Adoration'	4,216	Room One 9 December 2020 – 13 June 2021
Conversations with God: Jan Matejko's Copernicus	62,889	Room 46 21 May – 30 August 2021
The Fourth Plinth Shortlist Exhibition	(*)	Annenberg Court 24 May – 4 July 2021
Bellotto: The Königstein Views Reunited	41,031	Room One 22 July – 31 October 2021
Poussin and the Dance (£)	20,375	Ground Floor Galleries 9 October 2021 – 3 January 2022
The Credit Suisse Exhibition: Durer's Journeys: Travels of a Renaissance Artist (£)	43,741	Sainsbury Wing Temporary Exhibitions Gallery 20 November 2021 – 27 February 2022
Kehinde Wiley at the National Gallery: The Prelude	162,567	Sunley Room 10 December 2021 – 18 April 2022
Gainsborough's Blue Boy	111,845 (to 21 April 2022)	Room 46 25 January – 15 May 2022
2021 National Gallery Artist in Residence Ali Cherri: 'if you prick us, do we not bleed?'	(*)	Rooms 57, 58 & 59 16 March – 12 June 2022

(£) denotes ticketed exhibition

(\*) denotes attendance not recorded, as display within permanent exhibition galleries or public spaces

## The Year Ahead

In the year ahead the Gallery will continue to build on the aims of our Strategic Plan, whilst delivering an ambitious programme of activity both in the Gallery and beyond.

At the Gallery, we will continue our commitment to creating unprecedented opportunities for the British public through an ambitious and inspiring programme, which will include major exhibitions on Raphael and Lucian Freud; the first major exhibition in the UK on American master Winslow Homer; exceptional loans of paintings by Picasso and Turner; and a major new commission by Nalini Malani. The programme will include a range of ticketed and free exhibitions, ensuring that audiences are able to engage with the Gallery with no financial barrier.

The public launch of NG200 took place in June 2022 where we set out an ambitious programme of events and exhibitions that extends from the Gallery into Trafalgar Square, across the nation, and to the world through a series of online and virtual experiences.

We will partner and work with creatives, digital disruptors, freelancers, civic museums, educators, students and art lovers around the nation. Highlights will include: '12 Treasures across the nation', in which 12 simultaneous exhibitions will open on the same day at 12 museums and galleries across all 12 regions of the UK; '200 Creators', where the Gallery will collaborate with 200 social media creators from the UK; and a dramatic redisplay of the entire National Gallery collection. The redisplay will be visitor-focused with a new emphasis on thematic displays, pairings and surprising 'artistic conversations' within a broadly chronological framework.

The public launch will also be an opportunity for the Gallery to communicate the suite of capital projects being undertaken, which includes sensitive interventions to our building that will reshape the National Gallery for its third century and the next generation of visitors.

In the year ahead, 30,000 children at primary schools across the UK will connect with the Take One Picture programme, using a National Gallery painting to learn across all areas of the curriculum. 6,500 secondary school pupils across the country will develop research and public speaking skills through our Articulation programme, helping them to develop confidence, raise aspirations and increase their employability through art. Over 11,000 adult learners will connect with our online courses and events. Working with communities in every region of the UK, we will start to plan a major bicentenary project to take art out on the road, working with children, young people and adults living in some of the most disadvantaged areas of the country to shape what this will be. We will also support learning and audience development initiatives in relation to the National Gallery's National Touring Exhibitions.

In our digital programme we will continue to build both audience and content production infrastructure. Our digital audience development goal for the year is for TikTok to become our biggest social media audience – or close to that point. This will mean adding over a million new followers in the year ahead. This is an ambitious goal, but with a firm grasp of what works and clear audience excitement, we are confident of reaching this target. As we build audience we also build capability. This year we will, supported by Bloomberg, build new content production facilities in our National Gallery X studio. These will give us enhanced abilities in live streaming and other channels.

In our research activity we will hold events for specialists, including the 'Women in the Arts Forum' and 'National Gallery Research Seminar'. We will also commence work on the Digital Dossier Programme (first phase 2022-25) which will enable us to share our research material with audiences across the nation and across the world. Conservators, curators and scientists will continue to work on the 'Behind the Scenes' series of films and on-line content, taking audiences to parts of our research and knowledge that are otherwise inaccessible.

As the Gallery, and wider economy, looks to move forward from the challenges of the covid pandemic, more information on that impact and responses to the risks are provided on p13.

## DCMS Key performance indicators

Below is specific information relevant to the Gallery's contribution to DCMS performance indicators for 2021-22 as set out in the Funding Agreement agreed with DCMS. The significant increase in visits in 2021-22 is attributable to the enforced Gallery closures during lockdowns in 2020-21.

	<b>Performance in 2021-22</b>	<b>Performance in 2020-21</b>
1. Number of visits to the Gallery (excluding virtual visitors)	1.13m	234k
2. Number of unique users visiting the website	4.9m	5.1m
3. Number of visits by children under 16	35.5k	28k
4. Number of overseas visits	122k	5.6k
5. (a) Number of facilitated and self-directed visits to the Gallery by visitors under 18 in formal education	12.7k	0
5. (b) Instances of visitors under 18 participating in on-site organised activities	1.5k	0
6. % of visitors who would recommend a visit	95%	91%
7. Number of UK loan venues	22	8
8. (a) Self-generated income – admissions <sup>1</sup>	£1.7m	£5.5m
8. (b) Self-generated income – trading <sup>2</sup>	£2.4m	£1.1m
8. (c) Self-generated income – fundraising	£22.4m	£17.6m

<sup>1</sup> Decrease from 2020-21 attributable to one off international touring income received in that year

<sup>2</sup> Gallery only income, does not include consolidated income from NGG of £4.7m

## Financial Review

### Financial performance

The Statement of Financial Activities is set out on page 40 of this document. The group presents its income and expenditure across three groups of columns, being:

- Operating income and expenditure – any income or expenditure not relating to the acquisition or development of assets
- Capital projects and revaluations – building works, depreciation and any further income or expenditure relating to physical assets other than the collection
- Acquisitions for the collection – income to acquire, or gifts of, paintings

The income in each of these areas is split between unrestricted income – that the group may spend as it chooses, and restricted income – that donors have instructed the group to spend in a particular way. Where expenditure incurred by the group meets the criteria of any unspent restricted income this is allocated against the same column. All expenditure not met by restricted income is allocated to the first column, unrestricted operating income.

The Gallery acquired National Gallery Global Limited (NGG) as a wholly owned subsidiary on 1 April 2021. Prior year comparatives referenced throughout the financial review therefore do not include figures relating to NGG.

Income for 2021-22 amounted to £61.7 million (2021: £53.9 million); total expenditure amounted to £47.9 million (2021: £36.3 million), resulting in initial net income of £13.9 million (2021: £17.7 million). Adding in unrealised gain on investments of £1.0m (2021: £3.0 million) and the revaluation gain on property and plant & equipment of £5.0 million (2021: £3.2 million loss), we achieved final net income of £19.9 million (2021: £17.5 million). The cost of acquisition of pictures is included in fixed asset additions.

Trustees have scrutinised budgets and forecasts for the group and are satisfied with its ability to continue operating as a going concern. The accounts have therefore been prepared on that basis.

### Income

Income is disclosed in the Statement of Financial Activities by method of income generation:

- Income from donations & legacies
- Income from other trading activities
- Investment income
- Income from charitable activities
- Other income

Further detail is available in notes 3-7.

Income from donations and legacies for the year totalled £50.0 million (2021: £43.7 million). This figure includes income relating to picture acquisitions, Government grant-in-aid and other donations, as well as legacy income. Excluding grant-in-aid, this figure is £19.2 million (2021: £14.4 million). In kind services valued at £0.1 million (2021: £0.6 million) were received.

Income relating to picture acquisitions was mainly attributable to funding towards the acquisition of Paolo Veronese's *Portrait of a Gentleman of the Soranzo Family*, mostly being a generous contribution from the American Friends of the National Gallery, London. The value of donated works of art acquired during 2021-22 was £3.5 million (2021: £0.2 million).

Income from charitable activities for the year totalled £1.7 million (2021: £5.5 million), this includes admission to exhibitions, exhibition touring income and other educational events. The significant drop can largely be attributed to one off international touring income received in 2020-21.

Income from trading activities increased substantially to £9.6 million (2021: £4.8 million) as a result of consolidating the results of the National Gallery Company into the financial statements for the first time. Gallery income relating primarily to corporate and individual membership schemes, and sponsorship was £5.0 million (2021: £4.8 million).

## Expenditure

Expenditure is disclosed in the Statement of Financial Activities, analysed according to the activities that the expenditure relates to; being either the raising of funds, commercial trading or one of the Gallery's charitable activities to which the spend relates, which are:

- Exhibitions
- Broaden our appeal and provide an exceptional visitor experience
- Preserve, enhance and develop the potential of our collections
- Inspire learning and engagement
- Invest in our staff, increase income and care for our physical facilities

Further analysis of our expenditure is available in notes 8-11.

The group allocates support costs across our charitable activities; full details of this allocation are shown in note 9. It should be noted that the costs of front of house and security staff are included within the activity 'Broaden our appeal and provide an exceptional visitor experience'.

The group's total expenditure for the year was £47.9 million (2021: £36.3 million), with £4.8 million of the increase relating to the consolidation of NGG expenditure on commercial trading activities. Spend in all areas increased from 2020-21 as the Gallery began to return to normal levels of activity following the prolonged closures during the lockdowns last year.

## Financial position

The Consolidated and Gallery Balance Sheets are shown on page 42 of this document, with further analysis shown in notes 12-23.

The net movement in funds for the year amounted to £19.9 million (2021: £17.5 million). Of this, £7.2 million relates to restricted funds and capital projects; with a further £12.1 million relating to donated works of art and donations received towards future acquisitions.

The net movement includes any gain or loss on the value of the Gallery's land and buildings, any gain or loss on its investments and the value of donated works of art capitalised as collection acquisitions. This year the movement includes a gain on revaluation of £5.0 million (2021: £3.2 million loss) and unrealised investment gains of £1.0 million (2021: £3.0 million).

In accordance with the Government Financial Reporting Manual (FReM) – which reflects the requirements of FRS 102, Section 34 and Charities SORP s18 – works of art are capitalised and recognised in the Balance Sheet at their cost or value at the date of acquisition, where such a cost or value is reasonably obtainable.

The Trustees consider that the cost of valuing pictures in the National Gallery Collection, where cost or valuation information is not available but would be possible to obtain, would not be commensurate with any benefit that could be derived by the user of the financial statements from the inclusion of part of the National Gallery Collection on the Balance Sheet. Further information on the nature and scale of the Gallery's collection can be found in note 14 and on the Gallery's website.

Details of the treatment of pension liabilities are disclosed in the Remuneration Report and the effect of the revaluation of land, buildings, and plant and machinery is disclosed in note 12.

## Fundraising and resources

Grant-in-aid from the Department for Digital, Culture, Media and Sport (DCMS) amounted to £30.8 million for the year ended 31 March 2022 (2021: £29.3 million). This includes £5.3 million (2021: £4.2 million) of emergency funding from the Culture Recovery Fund allocated to the Gallery in response to the Covid-19 pandemic. Additional income was generated as a result of the Gallery's exhibitions, educational activities and fundraising programme. Fundraising is carried out by the Gallery's Development department, through donations, patrons and corporate supporter schemes.

Our Development department focused on raising charitable income from individuals, grant-making trusts and companies and on generating other income through corporate sponsorship and membership. Charitable support, largely from individuals and grant-making trusts, made an important contribution to the Gallery's operational activities and capital development. Our education work benefited significantly as a result of major donations and grants from individual donors and charitable trusts.

The Gallery continues to benefit from private support for several senior curatorial posts and curatorial fellow positions, academic colloquia, and the publication of catalogues. Charitable income also supported the work of the framing, scientific and conservation departments.

Credit Suisse continued in their role as Partner of the National Gallery, and will next sponsor *The Credit Suisse Exhibition: Raphael* in 2022-23. The Gallery also benefited from the ongoing sponsorship from Hiscox in their role as the first Contemporary Art Partner of the National Gallery.

Philanthropic support and corporate sponsorship continued to make an essential contribution to the Gallery's capacity to preserve, enhance and display its collection for public enjoyment. We remain indebted to every individual, trust and company for their support during the course of this year.

Fundraising is undertaken by National Gallery staff. To ensure that vulnerable people and other members of the public are not put under undue pressure to give money, the Gallery monitors fundraising activities through a programme of training, weekly meetings with fundraising managers, dip sampling assessments and feedback from colleagues and visitors.

The National Gallery is registered with the Fundraising Regulator and individual members of staff are members of the Institute of Fundraising which has set standards of best practice in fundraising. We are part of the Fundraising Preference Centre service to ensure we do not contact people who do not wish to receive communications from us. Legitimate interest assessments are carried out to ensure we consider the rights of all individuals whose personal data is processed by us.

In the year to 31 March 2022 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to. During this period we received no formal complaints relating to our fundraising activities.

## Investment policy

### Scope of investment powers and power to delegate management of investments

The Trustees, in respect of their general funds, including assets given to them without restriction by donors or testators, rely for their investment powers on the general power in section 2(6) of the Museums and Galleries Act 1992, which permits them to do such things as they may think necessary or expedient for the purpose of fulfilling their functions under the Act. This implies a wide power of investment. In respect of general funds, the Board may delegate investment decisions to a committee of the Board, under the powers in the 1992 Act, but have no power to delegate investment decisions to third parties.

Funds held on trust ('trust funds') are governed by a Charities Act Scheme varied by resolution of the Board in March 2012 to provide wide powers of investment similar to those available under the Trustee Act 2000. In respect of these funds, the Board has a power to delegate investment decisions to a committee of the Board and also has an express power to delegate the management of investments to financial experts, subject to the restrictions laid out in the Scheme.

### Investment objectives

The Gallery's reserves policy sets out the level of general funds required to meet working capital needs and to provide a safeguard against volatile and unpredictable income streams. National Gallery Funds are split between:

- *Unrestricted*: These include funds designated by the Gallery for picture purchase and funds held for contingency. In normal circumstances the Gallery will hold £2.0m as operating contingency, but may increase this sum in specific circumstances – for example to cover anticipated fluctuations in income from exhibitions. The assets representing these funds are short term and should be readily realisable.
- *Restricted*: These funds are held for a wide range of specific purposes ranging from current projects which are expected to be delivered in the next 12 months and ongoing staffing commitments, to picture purchase and longer term research work. The assets representing these funds are matched to the purposes for which the funds are held and are a mix of short and long term.
- *Non spendable 'endowment'*: These are historic funds held for picture purchase and research work. The assets representing these funds are expected to be invested for the long term with a minimum time horizon of five years.

The overall objective of long term funds is to maintain the real value of the portfolio and produce the best financial return within an acceptable level of risk. Long term returns over rolling three year periods are compared to UK RPI

+6.2% and over shorter periods returns are compared to appropriate indices for the asset classes the investment manager has invested in.

The investment objective for the short term funds is to ensure certainty of value i.e. preserve capital with minimum level of risk. Some or all of this portfolio should be readily available to meet potential acquisition/expenditure requirements.

### **Attitude to risk**

The National Gallery recognises that the key risk to the investment portfolio is the erosion of capital value by inflation and therefore the long term portfolio needs to be invested in assets which mitigate that risk. The Trustees understand that this is likely to mean that the investments will be concentrated in real assets (that is equities, fixed interest instruments and property) though diversified by asset class.

The National Gallery accepts that although diversification reduces risk, the capital value will fluctuate. Since the Unrestricted Funds, and a significant portion of the Restricted Funds, may be required at short notice, capital volatility cannot be tolerated. These assets are held in sterling cash or via cash funds.

### **Types of investment**

The National Gallery's assets can be widely invested and should be diversified by asset class. The base currency is Sterling, but investments may be made in non-sterling assets and hedging is permitted in the Non spendable Endowment Funds and a significant portion of the Restricted Funds. The majority of cash deposits will be held in Sterling, other than modest sums held in currency for operational purposes, and, where practicable, will be spread by counterparty and deposited with institutions with a minimum rating of BBB- or invested in a diversified money market fund.

The Funds to be held as long term investments should be invested in assets which can be realised within three months. The short term Funds held within net current assets should be invested in cash or near term cash deposits to ensure immediate liquidity and certainty of value.

### **Investment management**

The Finance Committee has the responsibility of overseeing the National Gallery Funds, and usually meets four times a year. The Committee aims to meet the investment managers once a year and receives quarterly reports and valuations. The Finance Committee is responsible for agreeing strategy and monitoring the investment assets.

The Finance Committee will review and, if it sees fit, approve any change in Investment Manager or Fund into which National Gallery assets are placed. The Finance Committee will also approve any substantial change in the approach or nature of investments made by the incumbent Fund Manager.

### **Investment performance**

Permanent endowments and restricted funds held for the longer term were invested in a multi asset managed index fund from March 2018. The gross total return on the managed index fund during the year to 31 March 2022 before fees was 5.37% (2021: 19.25%). The investment portfolio continued to recover following the significant losses incurred in late 2019-20 resulting from the impact of the Covid-19 pandemic, before performance was negatively impacted in Q4 2021-22 following the Russian invasion of Ukraine.

The Gallery also holds short-term money market funds and fixed-rate interest accounts. Performance is measured against the official Bank Rate set by the Bank of England. In the year to 31 March 2022 the fixed-rate weighted average interest rate was 0.14% (2021: 0.16%) compared with the weighted average base rate of 0.26% (2021: 0.10%).

Details on the movement of investments during the year can be found in note 16. Details of the Gallery's assessment of interest rate risk can be found in note 19.

### **Reserves policy**

The Gallery seeks to maintain unrestricted general funds not committed or invested in tangible fixed assets at a level equivalent to six months' worth of non-guaranteed (i.e. non-contractual) income, as a safeguard against volatile and unpredictable income streams. As at 31 March 2022 this amounted to around £2.6m, which compares to the actual general fund of £2.1m.

However, given that grant-in-aid is not drawn down in advance of need and that significant funds may be required for picture purchases, the level of unrestricted general funds may exceed this level at any point in time. Grant-in-Aid should not be held in reserves and will therefore normally be expended in the month it is received.

Restricted funds represent funds held for specific purposes as specified by the donor. These are separately recorded and invested until they can be expended in accordance with the restriction in place. Some restricted funds are held for the long term due to the nature of the restriction.

Permanent endowments represent funds that cannot be expended. These are separately recorded and invested for the long term in accordance with the investment policy.

The reserves policy is reviewed by the Audit Committee annually and changes may be made where appropriate to reflect likely funding requirements in the coming year.

The aggregate value of reserves is £736.0 million (2021: £716.2 million). A breakdown of these is shown in the Balance Sheet and in the Statement of Funds (note 22). A significant proportion of the funds (£322.9 million; 2021: £316.3 million) relate to the Gallery's land and buildings, being the Trafalgar Square site, plant and machinery, and equipment. £376.2 million (2021: £367.0 million) is represented by the value at the date of acquisition of donations to the Collection and pictures acquired since 1 April 2001, and £4.7 million (2021: £2.1 million) relates to funds either restricted or designated for future acquisitions.

£10.8 million (2021: £10.2 million) is in permanent endowments, where the capital must be retained, and £13.1 million (2021: £11.3 million) represents other restricted funds. At the start of the year a further £0.5 million (2021: £0.5 million), mainly from bequests, was being held in funds designated towards picture acquisitions.

The remaining balance of £2.1 million (2021: £2.0 million) undesignated general funds arises from the Gallery's fundraising, trading, and charitable activities. At their meeting in March 2022, the Board agreed this was an appropriate level to maintain, in accordance with this policy.

## The Trust Funds of the National Gallery

The Trust Funds of the National Gallery are made up of a number of bequests, which were constituted as a pool for investment purposes by a scheme approved by the Secretary of State for Education and Science in 1972. The Trust Funds are controlled by the National Gallery Trustees and included within these financial statements.

## Impact of the Ukraine-Russia War

As a result of the conflict in Ukraine, the Gallery has complied with all sanctions levied against Russian individuals and institutions, and this has resulted in the suspension of all loans of works of art both to and from Russia.

As noted above, the impact the war has had on markets caused a dip in performance of our investment portfolio in Q4 of 2021-22. The Gallery's Finance Committee will continue to monitor the effect the conflict is having on the portfolio and respond as appropriate.

## Financial Impact of the Covid 19 Pandemic

The group continued to suffer both operationally and financially in 2021-22 as result of restrictions imposed due to Covid-19. The Gallery received £5.3m from the Culture Recovery Fund to enable it to operate effectively in 2021-22. Although the Gallery experienced a further period of closure in Spring 2021, the additional funding enabled us to deliver its planned public programme of activities once it had re-opened. Visitor numbers subsequently recovered to approximately a quarter of that achieved immediately pre-pandemic. These visitors originate predominantly from the UK and the expectation is that overseas visitor numbers will take at least several years to fully recover. As a result of the reduced physical visitor numbers Covid-19 has been an important driver in accelerating the move into the digital space, not only to engage with more people who are unable to visit the Gallery, but also to find ways of converting those virtual visitors into income.

DCMS has secured further funding from the Culture Recovery Fund for 2022-23 for the Gallery, and, as a result, the Gallery is planning to broadly break even through a combination of improved commercial performance, fundraising and cost controls.



## Reference and Administrative Details

These accounts have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury in accordance with Sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the Government's Financial Reporting Manual and the Accounting and Reporting by Charities: Statement of Recommended Practice (2019) (FRS 102).

So far as the Accounting Officer and the Trustees are aware, there is no relevant audit information of which the entity's auditors are unaware, and 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.

### History

The National Gallery was established in 1824 when the House of Commons agreed to pay £57,000 for the purchase, presentation and display of a group of 38 paintings, part of the collection of the late John Julius Angerstein.

### Organisation

The Gallery is a Non-Departmental Public Body, whose sponsor department is the Department for Digital, Culture, Media and Sport (DCMS). The Gallery is exempt from the need to register with the Charity Commission.

Further information about Trustees and senior management, together with information on structure, governance and management can be found in the Governance Statement.

The principal address of the charity is:

The National Gallery  
Trafalgar Square  
London WC2N 5DN

The National Gallery website address is: [www.nationalgallery.org.uk](http://www.nationalgallery.org.uk).

### Advisors

Banking Services	Government Banking Service (GBS) Southern House 7th Floor Wellesley Road Wellesley Croydon CR9 1WW	Coutts & Co. 440 Strand London WC2R 0QS
Auditors	<b>Auditor of the Gallery and Group</b> The Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP	<b>Auditor of NGG</b> Price Bailey 24 Old Bond Street London W1S 4AP
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH	Various other solicitors are used as required.
Investment Managers	BlackRock Investment Management (UK) Ltd Drapers Gardens, 12 Throgmorton Avenue London EC2N 2DL	

## Payment policy

The group aims to settle all bills either within the period stated by the supplier or within 30 days.

The year-end creditor day ratio was 31 days (2021: 10 days), with the increase due to there being a disproportionately high number of invoices received at the end of the current financial year combined with the subsequent timing of that year's final payment run.

## Immunity from Seizure Report 2021-22

This report applies to the continued application of the legislation passed in 2007 (under Part 6 of the Tribunals, Courts and Enforcement Act 2007) to provide immunity from seizure for objects from abroad lent to temporary exhibitions. The National Gallery gained approval in 2008 to apply for protection for specific loans to exhibitions under the provisions of the Act.

The Gallery has continued to apply the necessary processes developed in the first year following its approval under the Act. These involve compiling details of provenance for each exhibition loan, researching and recording further information and carefully considering any gaps in provenance. Details of the objects requiring immunity from seizure, together with details of the research undertaken, are published on the National Gallery website at least four weeks and one day before the objects are imported into the UK.

Exhibitions including works for which protection under the legislation was sought during 2021-22 are as follows:

*Conversations with God: Jan Matejko's Copernicus*

21 May – 22 August 2021

*Bellotto Castles of Konigstein*

22 July – 31 October 2021

*Poussin and the Dance*

9 October 2021 – 2 January 2022

*Dürer's Journey*

20 November 2021 – 27 February 2022

*Gainsborough's Blue Boy*

25 January – 15 May 2022

*The Credit Suisse Exhibition: Raphael*

9 April – 31 July 2022

At the balance sheet date, no enquiries and no claims have been received with respect to the objects under section 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

## Sustainability report

Our sustainability aim is to save energy and reduce our carbon footprint. We are committed to integrating environmental considerations into our activities and working towards the goals of sustainable development and pollution prevention through a programme of continuous environmental improvement.

We have prepared this Sustainability Report in order to provide information on the plans we have in place for reducing carbon emissions. The report has been prepared in accordance with HM Treasury Public Sector Annual Reports: Sustainability Reporting 2021-22 and compliance with the Streamlined Energy and Carbon Reporting (SECR) framework, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This report covers the SECR requirement of The National Gallery.

### Summary of performance

The Carbon Management Plan is currently under review as we develop a Heat Decarbonisation Plan. Covid-19 and national lockdowns/restrictions continued to keep visitor numbers down as foreign visitors make up a significant proportion of annual visitor numbers. Numbers have been steadily rising as Covid-19 and travel restrictions have eased and the expectation is that this will continue. The Gallery's administration offices are now fully operational with staff using a more hybrid approach to working.

During 2021-22 we have continued to undertake small lighting projects to the back of house and implemented changes to the building management system. Our performance is summarised in the table below:

Area		2021-22		2020-21		2019-20	
		Actual	Target	Actual	Target	Actual	Target
Greenhouse Gas Emissions (Scopes 1, 2 & 3) tCO <sub>2</sub> e		5,959	5,181	4,716	5,301	5,391	5,422
Estate energy	Consumption (million kWh)	25.355	–	24.22	–	25.3	–
	Expenditure (£ million)	1.29	–	1.08	–	1.40	–
Estate waste	Amount (tonnes)	189.81	–	127.62	–	510	–
	Expenditure (£'000)	47.17	–	47.38	–	64.3	–
Estate water	Consumption ('000 m <sup>3</sup> )	39.4	–	25.8	–	31.7	–
	Expenditure (£'000)	58	–	38	–	43	–
Paper Use	A4 (Reams)	218	–	220	–	1,717	–
	A3 (Reams)	24	–	11	–	234	–
	A3 and A4 Expenditure (£)	1,074	–	483	–	4,500	–

Overall, the National Gallery carbon emissions increased from 4,716tCO<sub>2</sub>e to 5,959tCO<sub>2</sub>e (+26.36%) during the 2021-22 reporting period.

The main contributory factor associated with the increase in absolute emissions can be attributed to refrigeration gas leaks adding some 771.6tCO<sub>2</sub>e. These have now been fixed.

The trend for gas and electrical consumption shows a slight increase overall which is to be expected after the easing of Covid-19 lockdown restrictions.

### Breakdown of Estate energy

Estate energy	2021-22	2020-21	2019-20
Grid Electricity (kWh)	3,448,124	3,442,204	5,788,341
CHP Electricity (kWh)	7,510,310	6,471,464	5,441,557
<b>Total Electricity</b>	<b>10,958,434</b>	<b>9,913,668</b>	<b>11,229,898</b>
Grid Gas (kWh)	3,243,550	4,836,721	5,085,896
CHP Gas (kWh)	18,655,737	15,930,143	14,442,806
<b>Total Gas (kWh)</b>	<b>21,899,287</b>	<b>20,766,864</b>	<b>19,528,702</b>

Energy and building related emissions for the National Gallery accounts for 99.674% of total emissions. The remaining 0.326% accounts for domestic transport, paper usage, waste production and water consumption.

<b>Breakdown of Carbon intensity</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Energy/Building	99.674%	99.535%	99.1%
Transport	0.068%	0.008%	0.2%
Waste	0.068%	0.058%	0.2%
Water	0.180%	0.387%	0.4%
Resources	0.010%	0.012%	0.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Greenhouse gas (GHG) emissions

The National Gallery's collection is predominately housed in a grade 1 listed nineteenth century building which accommodates around 6 million visitors a year. The nature of the collection is such that it requires carefully controlled environmental conditions, and most of our spaces are fully air-conditioned to best preserve the paintings. A high proportion of our carbon footprint is associated with the energy required to maintain the environmental conditions within the galleries.

Our Carbon Management Planning and strategy sets out the direction we are taking to reduce our GHG emissions. A fundamental strategy for reduction was the installation of a Combined Heat and Power (CHP) unit, commissioned in 2012. During 2021-22, there has been very little downtime and the engine maximised our proportion of self-generated electricity and minimised our draw of electricity from the national grid.

The National Gallery is committed to integrating energy saving and carbon reduction measures into its activities and to adopting the best environmental practices, where possible, into all areas of its operation.

The following table shows our GHG emissions in the current and previous two financial years.

<b>Greenhouse Gas Emissions</b>		<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions	5,959	4,716	5,391
	Gross emissions Scope 1 (direct)	5,143	3,822	3,738
	Gross emissions Scope 2 (indirect) *Location based (LB)	732	803	1,479
	Gross emissions Scope 2 (indirect) **Market based (MB)	145	–	–
	Gross emissions Scope 3 (indirect)*	84	91	174
Related energy consumption (million kWh)	Grid Electricity	3.4	3.4	5.8
	Electricity Generated on Site	7.5	6.5	5.4
	Natural Gas	21.9	20.8	19.5
Financial indicators (£ million)	Expenditure on energy	1.29	1.08	1.40
	CRC License Expenditure	–	–	–
	Expenditure on accredited offsets	–	–	–
	Expenditure on official business travel	0.019	0.002	0.046

## Key performance indicators (KPI)

Please note, for the purposes of SECR, the KPI is equivalent to the intensity ratio. The number of visitors has increased significantly due to the lifting of Covid restrictions by +384% from 2020-21 to 2021-22. Analysis of the data by carbon emissions per visitor as per previous reports is deemed irrelevant this year.

<b>KPI – visitor numbers</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Total visitors	1,130,904	233,817	5,476,939
Total carbon (tCO <sub>2</sub> e)	5,959	4,688	5,391
Emissions per visitor (tCO <sub>2</sub> e)	0.00527	0.02017	0.00098
Emissions per visitor (kgCO <sub>2</sub> e)	5.27	20.17	0.98

## Waste management

Waste removal has increased from 2020-21 to 2021-22 by 48.7% from 127.6 tonnes to 189.8 tonnes. This increase can be in part explained by the lifting of Covid-19 restrictions.

We aim to reduce waste and to ensure as much waste as possible is reused or recycled. We continue to utilise two cardboard balers reducing the volume of waste requiring collection and reducing our upstream environmental impact by decreasing the number of waste collections.

Continued communications are carried out on waste management both with employees and visitors to decrease waste generation at the Gallery. The waste management contract in place aims to increase volumes of waste being recycled along with training for staff and contractors, particularly those working in the restaurants regarding waste minimisation. This is an on-going process.

We continue to ensure that no waste from the National Gallery is sent to landfill.

Our performance with respect to waste can be seen in the following table:

<b>Waste</b>		<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	
Non-financial indicators (tonnes)	Total waste	189.8	127.6	509.5	
	Hazardous waste	–	–	–	
	Non-hazardous waste	Landfill	–	–	–
		Reused / recycled	100.8	50.5	297.9
		Anaerobic Digestion	–	–	46.8
		Incinerated with energy recovery	89.0	77.2	164.8
Incinerated without energy recovery	–	–	–		
Financial indicators (£k)	Total disposal cost	47.17	47.38	64.35	

## Use of resources

Our water performance is summarised in the table below:

<b>Finite resource consumption</b>		<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Non-financial indicators ('000m <sup>3</sup> )	Water consumption	39.4	25.8	31.7
Financial indicators (£k)	Water costs	57.6	38.4	43

Water consumption has increased from 2020-21 to 2021-22 by 52.7% from 25,800m<sup>3</sup> to 39,370m<sup>3</sup>. This increase can be in part explained by the lifting of Covid-19 restrictions.

Work continues to reduce the water consumption of the Gallery and new submeters have been fitted to record water data at a more granular level. Once these meters have been commissioned, we will add the automatic reading to our monitoring system for further analysis.

## Activities during the year

In caring for and maintaining its physical estate, the Gallery makes every effort to implement energy efficiency technologies whenever it can. We continue to move to LED technology with dimming controls, allowing maximum benefit from natural daylight. The concentration of efforts has continued on back of house areas. Further areas have been surveyed and savings calculated for budgeting purposes and await executive board approval.

Continued refurbishments have been a work in progress across the Gallery to both improve the display and experience for our visitors and improve the efficiency of the building fabric. The major refurbishment of the Sainsbury Wing entrance is in planning and will be open for the Gallery's bicentennial celebrations in 2025.

## Plans for the future

We will continue to develop and care for our physical estate and in the year ahead will focus particularly on managing the Gallery's external space to create a pleasant and hospitable environment and on advancing our CMP through continued investment in energy efficient plant and technology. Work has started on the Gallery's decarbonisation plan with the results of recent surveys due in Q2.

We will continue to replace the membrane and insulation to our roofs to improve thermal and water tightness performance along with upgrades to windows and glazing.

We continue the review of our site metering strategy. We have installed water submeters to allow the tracking of system specific data. These will be connected to our monitoring systems when commissioned. A review of the automatic monitoring and targeting system is underway with the aim of significantly improving the quantification of energy consumption and billing queries across different areas of the building. This in turn will help identify key areas where further energy reductions could be made.

## Emissions Sources

Natural gas, electricity, indirect transport, refrigeration gases.

## Exclusions

No mandatory emissions have been excluded from this report.

## Emissions Factors

Department for Business, Energy & Industrial Strategy (BEIS) and Department for Environment Food & Rural Affairs (DEFRA) emission factors 2020/21.

## Methodology

This report is aligned with GHG protocol and is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting guidance and HM Treasury guidance.

## Estimations

0.0% of the energy data and 0.0% of the emissions data is based on estimated or extrapolated values.

## Summary of future strategy

The key strategy will focus through the installation of energy-efficient plant and equipment to reduce greenhouse gas emissions and we are currently developing a Heat Decarbonisation Plan. Key projects under investigation for achieving this include:

- Replacing CHP at end-of-life 2023/24. Further study required showing the carbon impact considering the emissions factor reduction of the national grid.
- Additional CHP and Absorption Chiller 2023/24. Further study is required here as the likely impact of this would increase Carbon but still significantly reduce costs.

- South Westminster Area district heating network 2022 – 2029
- Sainsbury Wing redevelopment (NG200) 2022 – 2025
- Steam Boiler Replacement with electrical humidification 2023 – 2025
- Photovoltaic Panels (PV) to Sainsbury Wing 2024
- Sainsbury Wing supply air diffusers
- Continue with BMS optimisation strategies
- Replacement LED lighting back of house 2021 – 2025

Other projects that will have unquantified energy benefits:

- Main building & Sainsbury wing picture lighting upgrades 2024
- Barry Rooms external glazing 2024-25
- Rooms 30 & 31 glazing 2021 – 2024
- Sainsbury Wing glazing 2018 – 2024

## Remuneration report

*The figures in this report have been subject to audit.*

The remuneration report includes salary and pension details of National Gallery staff defined as “directors” of functional areas. These members of staff are considered to constitute senior management, however executive authority over the decisions of the Gallery as a whole remains solely in the hands of the Director, guided by the Chairman and Board of Trustees. For the purposes of this report directors of functional areas are described as “senior managers”.

The Chairman and Board of Trustees neither received nor waived any remuneration or expenses for their services during the year (2021: £nil).

### Director’s remuneration and benefits

The salary and performance award details for the Director are as follows:

		<b>Salary</b>	<b>Performance related pay</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Pension benefits (to nearest £’000)</b>	<b>Total</b>
		<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
Dr Gabriele Finaldi	2022	150 – 155 <sup>3</sup>	35 – 40	2.8	48	235 – 240
<i>Director</i>	2021	150 – 155 <sup>4</sup>	25 – 30	2.5	58	235 – 240

The Director’s performance-related bonus is determined by the Remuneration Committee. The Remuneration Committee (which comprised Lord Hall, Sir John Kingman, Rosemary Leith and Charles Sebag-Montefiore, and was attended by RoseMarie Loft in an advisory capacity during the year) reviews the Director’s performance annually, taking account of the achievement of the Gallery’s objectives as set out in the funding agreement between the Department for Digital, Culture, Media and Sport and the National Gallery.

Dr Finaldi is eligible for a performance-related bonus in the range of 0% to 25%. In the year to 31 March 2021 the Remuneration Committee deferred awarding a bonus to Dr Finaldi. Dr Finaldi was offered and accepted a deferred bonus of £37,584 relating to performance in the 2020-21 financial year, representing an increase of 33.2% from 2020-21. In 2020-21 Dr Finaldi was offered and accepted a deferred bonus of £28,212 relating to performance in the 2019-20 financial year.

The Director’s appointment is for an indefinite period. In accordance with the provisions of the Alpha occupational defined benefit pension scheme the Director may retire at the later of age 65 or his state pension age. The Director’s contract of employment determines the circumstances in which a compensation payment may be made. The compensation provisions are no more advantageous than those set out in the Civil Service Compensation Scheme. The notice period of the Director is six months.

<sup>3</sup> The Director’s basic salary for the year was £150,045, reflecting an in-year consolidated decrease of 0.2%.

<sup>4</sup> The Director’s basic salary for the year was £150,337, reflecting an in-year consolidated increase of 0.5%.



## Senior managers' remuneration and benefits

The remuneration details for the senior managers, including any compensation benefits, are as follows:

		Salary	Performance related pay	Benefits in kind (to nearest £100)	Pension benefits (to nearest £'000)	Total
		£'000	£'000	£'000	£'000	£'000
<b>Dr Caroline Campbell</b>	2022	85 – 90 <sup>5</sup>	0 – 5	1.6	20	110 – 115
<i>Director of Collections and Research</i>	2021	95 – 100	0 – 5	1.4	35	130 – 135
<b>Dr Susan Foister</b>	2022	95 – 100	0 – 5	2.6	–	100 – 105
<i>Deputy Director</i>	2021	95 – 100	0 – 5	4.1	–	100 – 105
<b>Paul Gray</b>	2022	120 – 125	10 – 15	2.2	48	180 – 185
<i>Chief Operating Officer</i>	2021	120 – 125	0 – 5	1.9	48	170 – 175
<b>Andy Hibbert</b>	2022	95 – 100	0 – 5	–	38	135 – 140
<i>Director of Finance</i>	2021	95 – 100	0 – 5	1.0	38	135 – 140
<b>Chris Michaels</b>	2022	95 – 100	0 – 5	1.6	13	110 – 115
<i>Director of Digital, Communications and Technology</i>	2021	95 – 100	0 – 5	1.5	13	110 – 115
<b>Anh Nguyen</b>	2022	70 – 75 <sup>6</sup>	5 – 10	0.5	40	120 – 125
<i>Director of Development</i>	2021	95-100	0 – 5	0.5	38	135 – 140

The Gallery's remuneration policy applies to all staff, including senior management. Other than the Chief Operating Officer, whose pay is determined by his contract, from 1 September 2018 the individuals mentioned above are paid a consistent and equal rate which will be determined each year during the annual pay award process.

Mr Gray is eligible for a performance-related bonus in the range of 0% to 10%. In the year to 31 March 2021, a decision was deferred on awarding a bonus to Mr Gray. Mr Gray was offered and accepted a deferred bonus of £10,353 relating to performance in the 2020-21 financial year. In the year to 31 March 2020 Mr Gray was offered but declined a 10% performance-related, non-consolidated bonus of £12,180 relating to performance for that year.

Ms Nguyen is eligible for a performance-related bonus in the range of 0% to 10%. In the year to 31 March 2021, a decision was deferred on awarding a bonus to Ms Nguyen. Ms Nguyen was offered and accepted a deferred bonus of £8,618 relating to performance in the 2020-21 financial year. In the year to 31 March 2020 Ms Nguyen was offered and accepted a 10% performance-related, non-consolidated bonus of £5,598 relating to performance for that year and pro-rated for time in office.

No further provision is made within the contracts of the above individuals for non-cash benefits. The notice period for the above individuals is three months. The appointment of the above individuals is for an indefinite period and the compensation provisions are no more advantageous than those set out in the Civil Service Compensation Scheme.

In line with all staff, other Directors were awarded a non-consolidated bonus of £1,500 relating to performance in 2021-22 (2020-21: £800).

<sup>5</sup> 95 – 100 based on 1.0 FTE

<sup>6</sup> 95 – 100 based on 1.0 FTE

## Pensions

The Director's pension is covered by the same scheme as other employees. His contract is for no fixed term, in common with other members of staff at the Gallery.

The accrued pension and lump sum payments as at 31 March 2021 for senior managers and the Director are as follows:

<b>Pension</b>	<b>Accrued pension at pension age as at 31 March 2022 and related lump sum</b>	<b>Real increase (decrease) in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2022</b>	<b>CETV at 31 March 2021</b>	<b>Real increase (decrease) in CETV<sup>7</sup></b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Caroline Campbell	40 – 45	0 – 2.5	504	470	8
Gabriele Finaldi	20 – 25	2.5 – 5	312	267	30
Paul Gray	10 – 15	2.5 – 5	136	99	26
Andy Hibbert	5 – 10	0 – 2.5	100	67	24
Anh Nguyen	5 – 10	0 – 2.5	52	32	14

Susan Foister opted out of the Civil Service Pension Scheme in September 2018, so no disclosure is required for 2021-22. Chris Michaels is a member of the Civil Service Partnership pension scheme, and accrued pension benefits are therefore not disclosed. Employer contributions to Mr Michaels' Partnership pension in the year to 31 March 2022 were £12,984 (2021: £12,984).

### *Cash Equivalent Transfer Value*

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include an additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated 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.

### *Real increase in CETV*

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

<sup>7</sup> Taking account of inflation, the CETV funded by the employer may have decreased in real terms.

## Calculation of pay differentials

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the first, second, and third quartiles of the organisation's workforce. The full year equivalent remuneration of the highest-paid director at the National Gallery during the year to 31 March 2022 was in the range £190,000 to £195,000 (2021: £180,000 to £185,000). Remuneration ranged from £20,111 to £190,000 on a full year basis as at 31 March 2022 (2021: £19,565 to £181,000). Average total remuneration excluding the highest paid director was £41,201 a decrease of 1% from the prior year figure of £41,617.

	2021-22			
Quartile	Salary	Ratio	Total Remuneration	Ratio
1	£30,385	5.0	£31,885	6.0
2	£36,565	4.2	£36,565	5.3
3	£43,871	3.5	£45,276	4.3

	2020-21			
Quartile	Salary	Ratio	Total Remuneration	Ratio
1	£32,445	5.6	£33,245	5.5
2	£36,565	5.0	£37,365	4.9
3	£45,088	4.1	£45,888	4.0

The movement in ratios and percentages from prior year is attributable to the first year consolidation of NGG in 2021-22.

No employee was paid more than the highest-paid director in the year.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the Cash Equivalent Transfer Value of pensions.

**Signed:**  
**Dr Gabriele Finaldi**  
**Director and Accounting Officer**

**Dated: 13 July 2022**

**Signed:**  
**John Booth**  
**On behalf of the Board of Trustees**

**Dated: 13 July 2022**

## Staff report

The group's remuneration policy applies to all staff, including senior management. Members of staff are paid according to the nature of the role they perform and each job is graded and included in a salary band. Following implementation of the pay and grading review in September 2018, there are ten salary bands.

A full analysis of staff numbers and costs is presented in Account Note 10.

### Staff composition

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2022 was:

	<b>Female</b>	<b>Male</b>
Directors	3	4
Other employees	225	113

### Sickness absence management

The average number of days of employee absence due to sickness was 4.3 days (2021: 2.0 days). Excluding long term sickness, the average number of days of absence was 3.2 days (2021: 1.5 days).

### Diversity and inclusion

The group has established organisational Values which are reflected in individual annual reviews and the establishment of individual targets. A key Value is Diversity and Inclusion. To support the group's commitment to this Value, a number of important activities under the umbrella of 'Equality, Diversity and Inclusion' (EDI) have been implemented throughout the year.

The group has taken a lead role to establish a sector-wide EDI network to support museums and galleries to share learning and experience, which is being overseen by a new post within the group dedicated to promoting diversity in the workplace.

An all-employee learning programme was designed and delivered to provide a common understanding to enable and underpin Gallery-wide conversations on EDI issues.

An employee network was established to provide a support forum for employees, which has direct access to an EDI Advisory Group. The EDI Advisory Group is a body of Heads of Department who have key responsibilities for diverse audiences, both on site, digitally, students and employees, incorporating activity from exhibitions and the Collection. The Advisory Group reports to the Director and Chair on progress on a twice-annual basis.

A programme to introduce the Gallery and the sector as a potential career path and employer to a greater diversity of people began during the year, where paid traineeships and paid internships are offered as an insight to Gallery careers with additional personal development being offered as part of the experience. Internship relationships with existing partners have been maintained and the Gallery seeks to increase the range of partners for both paid internships and apprenticeships.

## Employees receiving remuneration over £60,000 (subject to audit)

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
£60,000 – £69,999	16	13
£70,000 – £79,999	3	3
£80,000 – £89,999	5	3
£90,000 – £99,000	3	3
£100,000 – £109,999	2	2
£120,000 – £129,999	–	1
£130,000 – £139,999	1	–
£180,000 – £189,999	–	1
£190,000 – £199,999	1	–
	<u>31</u>	<u>26</u>

All but seven of the employees earning more than £60,000 participated in the Principal Civil Service Pension Scheme (PCSPS) pension schemes (2021: all but three participated in the Civil Service Pension arrangements). The increase from prior year in staff paid above £60k is attributable to including six NGG employees in the current year total as part of a consolidated disclosure.

## Compensation payments (subject to audit)

There were two exit packages agreed for staff between April 2021 and March 2022 (2021: three). One related to the end of a fixed term contract. One member of staff left on Compulsory Redundancy terms during this period (2021: none).

Exit package cost band	2021-22			2020-21		
	Number of compulsory redundancies	Number of other departures agreed	Total cost	Number of compulsory redundancies	Number of other departures agreed	Total cost
	No.	No.	£	No.	No.	£
< £10,000	1	1	10,681	–	2	11,413
£10,001 – £25,000	–	–	–	–	1	16,926
Total number of exit packages	<u>1</u>	<u>1</u>	<u>10,681</u>	<u>–</u>	<u>3</u>	<u>28,339</u>

Departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the organisation has agreed early retirements, the additional costs are met by the organisation and not by the Civil Service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

## Whistleblowing policy and procedure

In 2021-22 the National Gallery reported no whistleblowing cases (2021: nil). All cases are investigated in accordance with whistleblowing policy.

The National Gallery's whistleblowing guidance, policy and procedure document is available for all staff to refer to and can be located through the Gallery's intranet.

## Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires the Gallery to publish information in relation to paid facility time taken by trade union officials.

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1-50%	0
51%-99%	0
100%	0

### Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£17,648,000
Percentage of the total pay bill	0%

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours <sup>8</sup>	0%
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## Off payroll engagements and advisory consultancy

During the year ended 31 March 2022 the Gallery had one off-payroll engagement for more than £245 per day lasting longer than six months (2021: £nil). This engagement has lasted for between one and two years and has been assessed as outside the scope of IR35. They are not assessed as having significant financial responsibility.

There was no expenditure on 'advisory consultancy' during the year (2021: £nil). All other consultancy fell within the 'business-as-usual' environment and has been classified as 'operational consultancy'.

**Signed:**  
**Dr Gabriele Finaldi**  
**Director and Accounting Officer**

**Dated: 13 July 2022**

**Signed:**  
**John Booth**  
**On behalf of the Board of Trustees**

**Dated: 13 July 2022**

<sup>8</sup> This is calculated as (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

## Statement of Trustees' and Director's responsibilities

Under Section 9(4) of the Museums and Galleries Act 1992 the Secretary of State for Digital, Culture, Media and Sport, with the consent of HM Treasury has directed the National Gallery to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Gallery and of its income and expenditure, changes in funds and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction<sup>9</sup> issued by the Secretary of State for Digital, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Secretary of State for Digital, Culture, Media and Sport has designated the Director as Accounting Officer of the National Gallery. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Gallery's assets, are set out in *Managing Public Money* published by HM Treasury.

The Accounting Officer confirms that as far as he is aware there is no relevant audit information of which the National Gallery's auditors are unaware. Furthermore, the Accounting Officer confirms that he 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 National Gallery's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable, and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

**Signed:**  
**Dr Gabriele Finaldi**  
**Director and Accounting Officer**

**Dated: 13 July 2022**

**Signed:**  
**John Booth**  
**On behalf of the Board of Trustees**

**Dated: 13 July 2022**

## Governance Statement

This statement sets out the Gallery's corporate governance and risk management framework, which provides the structure within which resources are managed and controlled.

### Governance framework

The Gallery is governed by the Museums and Galleries Act 1992, under which a body corporate known as the Board of Trustees of the National Gallery was established. The Charities Act 2011 confirms the charitable status of the Board of Trustees of the National Gallery and its exemption from the need to register with the Charity Commission. Both acts can be viewed at [www.legislation.gov.uk](http://www.legislation.gov.uk).

The Gallery is governed by a Board of Trustees, who are non-Executive and unpaid. The establishment, constitution, functions, property and powers of the Board of Trustees are dealt with in Sections 1-8 of the Museums and Galleries Act 1992; Schedule 1 to the Act deals with membership and proceedings of the Board. The Trustees have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to guidance on public benefit published by the Charity Commission.

The Gallery has no fewer than 12 and no more than 14 Trustees at any time. All Trustees except one are appointed by the Prime Minister, usually for a period of four years with the possibility of renewal. Tate appoints one Trustee from its own Board.

The Board usually meets six times a year. In the year to 31 March 2022, there were eight Board meetings, three of which took place virtually as a result of the Covid-19 pandemic, and five were offered as hybrid meetings, with the majority of Trustees onsite. Minutes of Board meetings are published on the Gallery's website.

The following is a list of the Trustees of the National Gallery who served for all or part of the year to 31 March 2022, together with a summary of their attendance at the meetings which they were eligible to attend. Overall, attendance by Board members at meetings they were eligible to attend during the year averaged 98% (2021: 90%).

	<b>Attendance at Board meetings</b>
Lord Hall of Birkenhead CBE (Chair until his resignation in May 2021)	1/1
Sir John Kingman KCB FRS (Interim Chair May-August 2021)	8/8
Mr John Singer (retired June 2021)	1/2
Mr Charles Sebag-Montefiore (retired June 2021)	2/2
Ms Katrin Henkel	8/8
Ms Rosemary Leith	7/8
Mr David Marks	8/8
Ms Tonya Nelson	7/8
Professor Molly Stevens FRS	8/8
Mr Stuart Roden	8/8
Ms Catherine Goodman	8/8
Mr John Booth (became Chair in August 2021)	8/8
Ms Diana Berry (appointed December 2021)	2/2
Ms Dounia Nadar (appointed December 2021)	2/2
Mr James Lambert (appointed December 2021)	2/2

The Chair of the Board is responsible for approving adequate arrangements for induction and training for new Board members. New Trustees are:

- given the Trustee Handbook, which sets out the structure, role and responsibilities of the Board (including the scheme of delegation to management), and includes detailed information about standards, accountability and governance, including the Code of Practice for individual Trustees, and the Board's Conflicts of Interest Policy;



- given copies of the latest Gallery Plan, Funding Agreement, Annual Review and Financial Statements and key strategy documents; and
- given the equivalent of about two days' worth of induction, which includes meeting members of the senior management team to learn about the work of the Gallery.

The Gallery follows governance best practice for public service and charitable bodies, and in so far as it applies, the Gallery complies with the principles of the Corporate Governance in Central Government Departments: Code of Good Practice 2017.

The Board has adopted the Cabinet Office's Code of Conduct for Board Members of Public Bodies published in June 2019, which sets out the responsibilities of individual Trustees and also the Board's Conflicts of Interest Policy. This provides that Trustees must avoid conflicts of interest wherever possible; discuss any difficulty with the Chair; agree the right course of action; and record the decision. Actual or potential conflicts of interest are formally identified at the start of each meeting of the Board and the manner in which the conflict is dealt with is minuted.

The Board maintains a Register of Trustees' Interests which is updated once a year and is reviewed each year by the Board's Audit Committee. The Register is available for inspection on application to the Secretary to the Board.

The Board collectively is responsible for ensuring the Gallery operates within the provisions of its governing statute and charity law; for the Gallery's statements of values, aims and strategy; for statements of required governance, procedures, standards and structures; for specific decisions which are not delegated to the Executive and the holding of management to account for implementation and performance.

The Chair's responsibilities, (last approved by the Board in May 2016 and reviewed from time to time), are consistent with the requirements of the Gallery's Management Agreement with DCMS. These responsibilities include responsibilities for leadership; composition and effective working of the Board; effective conduct of Board business; sub-committees of the Board, standards of Governance; close working with the Director and external relations and fundraising.

The Deputy Chair's responsibilities (last approved by the Board in May 2016 and reviewed from time to time) include deputising for the Chair as and when required; leading the annual process of appraisal of the Chair's performance; acting as an intermediary in the event of a serious breakdown of relations between the Chair and Director; and acting as an intermediary for other Board members to raise concerns which they feel it is inappropriate to raise with the Chair direct. In October 2021, the Governance Committee recommended the appointment of a second Deputy Chair to assist the Deputy Chair and take a lead role in assisting with fundraising. This was approved by the Board in November 2021.

The Board delegates operational responsibility to management within an agreed framework. The Director and Accounting Officer as at 31 March 2022 is Dr Gabriele Finaldi. The Accounting Officer is responsible for accounting to Parliament, DCMS, the Board of Trustees and other stakeholders. The Accounting Officer has personal responsibility for ensuring propriety and regularity in the management of public funds and for the day-to-day management of the National Gallery.

The Director has appointed a number of senior staff to act as executive directors of certain functional areas. These individuals are considered senior managers for the purposes of the Remuneration Report. The individuals defined as senior managers at some point during the year ended 31 March 2022 were:

Dr Caroline Campbell  
Dr Susan Foister  
Paul Gray  
Andy Hibbert  
Chris Michaels  
Anh Nguyen

Senior management take decisions through the mechanism of an Executive Committee, whose members are responsible for the main departments in the Gallery. Management communicates with staff through meetings, Share point, email, additional electronic means and staff notices. The two unions representing a number of members of staff meet regularly with senior management.

## Committees of the Board

The Board delegates some of its responsibilities to a number of formal sub-committees of the Board, the membership of which is determined by the Board. The remit and membership of formal sub-committees operating during the year is set out below, and external committee members are indicated with a footnote. Attendance by committee members during the year is also shown.

Committee	Key responsibilities	Membership	Number of meetings attended	Number of meetings eligible to attend
Audit	To support the Board and Accounting Officer in their responsibilities for issues of risk, control and governance, by reviewing the reliability and integrity of assurances provided.	Sir John Kingman (Chair) Gautam Dalal <sup>10</sup> Charles Sebag-Montefiore (retired June 2021) John Singer (retired June 2021) Stuart Roden Lord Hall of Birkenhead (resigned May 2021) John Booth (from August 2021) Molly Stevens (from December 2021) James Lambert (from March 2022)	4 4 1 1 4 0 3 2 0	4 4 1 1 4 0 3 2 0
Finance	To support the Board and Accounting Officer in their responsibilities for effective financial management of the Gallery and to invest funds in the National Gallery's Trust Funds Pool.	Sir John Kingman (Chair) Gautam Dalal <sup>11</sup> Charles Sebag-Montefiore (retired June 2021) John Singer (retired June 2021) Stuart Roden Lord Hall of Birkenhead (resigned May 2021) John Booth (from August 2021) Rune Gustafson (from June 2021 to December 2021) <sup>12</sup> Molly Stevens (from December 2021) James Lambert (from March 2022)	4 4 1 1 4 0 3 3 2 0	4 4 1 1 4 0 3 3 2 0
Governance	To support the Board in its responsibilities for governance procedures and standards.	Tonya Nelson (Chair) Charles Sebag-Montefiore (retired June 2021) Lord Hall of Birkenhead (resigned May 2021) Sir John Kingman (from May to August 2021) John Booth (from November 2021) Dounia Nadar (from March 2022)	3 1 0 1 2 1	3 1 0 1 2 1

<sup>10</sup> Independent Committee member<sup>11</sup> Independent Committee member<sup>12</sup> Independent Committee member

Committee	Key responsibilities	Membership	Number of meetings attended	Number of meetings eligible to attend
Nominations	To keep under review the balance of skills and experience on the Board so as to ensure that the Board has the range of diverse skills, backgrounds and experience it requires for the achievement of its statutory, charitable and financial objectives; it participates in the process of appointment of new Trustees which is run by DCMS in accordance with the OCPA Code.	Lord Hall of Birkenhead (Chair) (resigned May 2021) Katrin Henkel Sir John Kingman (Chair from May to August 2021) Tonya Nelson (from May 2021) Catherine Goodman (from May 2021 to February 2022) John Booth (Chair from August 2021)	0 4 3 3 2 2	0 4 4 3 2 2
Remuneration	To advise the Board on the terms of appointment of the Director and on his remuneration and on other remuneration issues.	Lord Hall of Birkenhead (Chair) (resigned May 2021) Sir John Kingman (Interim Chair from May to August 2021) Rosemary Leith Charles Sebag-Montefiore (until June 2021) John Booth	1 2 2 1 1	1 2 2 1 1
Masterplan	To support the Board in developing and overseeing a Masterplan in relation to the Gallery's buildings and estate.	David Marks (Chair) Sir John Kingman Lord Hall of Birkenhead (resigned May 2021) Stuart Roden Tonya Nelson (from September 2021) James Lambert (from March 2022) John Booth (from September 2021)	8 7 2 8 4 0 5	8 8 2 8 4 1 5

The Committees of the Board reported the following during the year:

The Audit Committee met four times during the year and provided assurance to the Board in the form of its Annual Report, which covered the work of external and internal auditors during the year as well as the overall risk management framework. During the year, a new Fire Strategy was drawn up and the Gallery compared its systems with other international organisations, with very favourable results. The Gallery also undertook an extensive review of the way corporate risk is presented to the Committee and presented an initial draft towards the end of the year.

The Finance Committee met four times during the year and continued to monitor closely the finances of the Gallery as the pandemic once again required closure of the Gallery in the early part of the year. It approved the Gallery's revised three year plan and the budget for projects associated with its bicentenary year in 2024. While the Masterplan Committee has overall oversight of the capital projects, the Finance Committee also scrutinises the plans and approves budgets. The year saw completion of the Accommodation Hub project, with members of staff beginning to move in over the summer and the Committee approved the budget for refurbishment works in Central Hall which completed at the end of the year.

The Governance Committee met three times during the year. It discussed the new Framework Document issued by the Department and agreed that the Gallery has robust systems in place for appraising the Board as a whole, the Chair and individual Trustees. It recommended appointing a second Deputy Chair to assist the Deputy Chair and take a lead role in assisting with fundraising.

The Nominations Committee met four times during the year. Following the resignation of the Chair in May 2021, it formed a special Nominations Committee for the sole purpose of overseeing the process of appointing

a new Chair, which successfully completed in August. The Committee approved the Governance Committee's recommendation in October 2021 that a second Deputy Chair be appointed.

The Remuneration Committee met twice during the year to review the performance of the Director, Dr Gabriele Finaldi, the Chief Operating Officer Paul Gray and the Director of Development, Anh Nguyen for the period to 31 March 2021 and to agree a recommended bonus for the Director, Chief Operating Officer and Development Director for the period to 31 March 2021 (which recommendation was accepted by the Board). A bonus was agreed for each, and it was agreed that these should be deferred until later in 2021.

The Masterplan Committee met eight times during the year and oversaw the successful completion of the Accommodation Hub project which had been delayed owing to Covid 19. The Committee approved the composition and appointment of a selection panel to consider proposals from five shortlisted architectural practices to design and oversee the capital projects agreed as part of the Gallery's strategy 2021-2026. Interviews took place in June and in July, on advice from the panel, the Committee recommended that Selldorf Architects be appointed. For the remainder of the year, the Committee oversaw the design process to the completion of Stage 3 and made recommendations to the Board.

## Achievements and Effectiveness of the Board

Significant achievements of the Gallery during 2021-22 are recorded under the heading of 'Review of achievements and performance in 2021-2022', within the Annual Report.

In relation to achievements of the Board during the course of the year, the Covid-19 pandemic continued to have a significant impact on the finances of the Gallery. During the course of the year, the Board:

- Oversaw and approved the Gallery's plan for a successful re-opening on 17 May 2021 after five months of closure as a result of lockdown. The DCMS Secretary of State attended on the opening morning.
- Approved an updated safeguarding policy and procedures and agreed to undertake online safeguarding training.
- Approved a commercial strategy presented to the Board in May 2021 by the Acting Chair and the Managing Director of the National Gallery Company.
- Accepted the resignation of the Chair in May 2021.
- Approved the preliminary proposals for a Digital Strategy presented to the Board in July 2021 by the Chair of Digital, Communications and Technology.
- Approved the appointment of Selldorf Architects to oversee the NG200 capital projects.
- Approved the selection of a new Chair, recommended by the Nominations Committee.
- Approved the transfer of the National Gallery Company from the National Gallery Trust to the National Gallery, effective from 1 April 2021.
- Approved the design for the NG200 capital projects, presented to them by Selldorf Architects in March 2022.
- Approved the formation of an Ethics Committee in March 2022.
- Approved the carrying out of all conservation work involving cleaning of paintings in the collection and following completion of such cleaning approved the paintings as ready to go back on display.
- Approved all loans out including approval to national touring of paintings within the UK and internationally.
- Received regular reports at Board meetings in relation to key areas of Gallery activity including finance, security, education, national programmes, exhibitions, staffing, digital, marketing and buildings and facilities.

In relation to Board Effectiveness, the Board reviewed its own effectiveness in September 2020. The Governance Committee met in the autumn of 2021 and reviewed whether progress had been made in acting upon the recommendations arising from the survey. While the Committee considered that progress was reasonable, it agreed that owing to uncertainty arising from the ongoing pandemic, and the resignation of the Chair in May 2021, it would delay a further survey being undertaken until the new Chair had settled in and further progress had been made in delivering the recommendations.

The Gallery has robust systems in place whereby the Deputy Chair, following consultation with Trustees and the Director, appraises the Chair annually and reports back to the Board. The Chair appraises Trustees every two years, informally within two years of appointment and formally when recommending for re-appointment. The Board commissions an external review of its governance every three years.

## Risk Management

The National Gallery recognises that the effective management of risk and uncertainty is core to its ability to achieve its objectives.

The Board of Trustees (assisted by the Audit Committee) sets risk appetite for the Gallery, and reviews the major risks to the Gallery.

The Accounting Officer is responsible for managing risk and ensuring an effective system of internal control is in place. The Accounting Officer places assurance on the work of the Internal Controls Committee, an executive committee which meets three to four times a year (three in 2021-22) to review actively the risk environment, to monitor the adequacy of controls and to assess emerging risks. The Committee's membership includes the Chief Operating Officer, Director of Finance, a number of Heads of Department responsible for areas of the Gallery's activity with high risk exposure, as well as a representative from Internal Audit, Secretary to the Board and Legal Counsel and the Senior Collection Registrar.

The Internal Controls Committee uses a comprehensive operational risk register as a tool for managing risk, and recommends areas for internal audit based on the analysis of risks in the register. The Internal Controls Committee also reviews and is informed by the work of Internal Audit. The minutes of the Internal Controls Committee, together with its assessment of key risks, are reviewed by the Audit Committee at each meeting. Risks associated with Covid 19 have decreased as the country exited lockdown and the Gallery reopened, although they are kept under constant review to ensure that the Gallery responds appropriately to any change in circumstances.

Risks associated with the Gallery's major capital project, the One Gallery Accommodation Hub, have also decreased as the project completed in year and staff moved into the new office space. These construction project risks have been replaced with risks associated with the new major NG200 building programme, as well as the resources required to deliver the associated activity programme.

The risk register continues to monitor several risks that recognise the possibility of damage to the collection, whether accidental or malicious. These risks continue to have high inherent scores, because of the impact that any such damage could have, but the Gallery's mitigating controls, including a detailed conservation plan to deal with any such incidents, means that the residual risk is tracking at the target level, and has been throughout the year.

Internal Audit performed reviews across a number of areas of the Gallery's activities during 2021-22. These included reviews of the Gallery's approach to safeguarding, controls around ticketing, lessons learned from the Hub capital project, and the appropriateness of NGG's governance arrangements. All of the reviews provided either substantial or reasonable assurance that the controls in these areas were operating effectively and that risks were being appropriately managed. In addition to the reviews, an advisory report was issued on the Gallery's risk management maturity which was assessed as emerging/developing. Recommendations from this report will be implemented over the coming year.

Internal Audit's primary role is to give the Accounting Officer and the Trustees an independent and objective opinion on the Gallery's risk management, internal control and governance. Internal Audit issues an annual report to the Accounting Officer, which is reviewed by the Accounting Officer and the Audit Committee and which includes Internal Audit's opinion of risk management in the Gallery and a statement of assurance on Internal Control. Based on work undertaken Internal Audit issued an opinion of Moderate assurance, meaning that some improvements are required to enhance the adequacy and effectiveness of the Gallery's framework of governance, risk management and control.

The Audit Committee provides an annual report to the Board, which includes its opinion on the comprehensiveness, reliability and integrity of assurances received for the purpose of supporting the Board in their overall management of risk. The Audit Committee is of the opinion that the Gallery is responding appropriately to the risks around certain management processes and the documentation of controls.

All budget holders provide the Accounting Officer with annual assurance statements.

## Covid-19

The Covid-19 pandemic continued to impact the Gallery in both financial and operational terms. Budgets and plans for 2021-22 reflected the exceptional circumstances with reduced expectations both for commercial and development income.

Financially, the Gallery has been able to reduce financial risks through a combination of factors including support from the Culture Recovery Fund, cost controls, improved commercial income compared with forecast and judicious use of some reserves. Looking forward, the Gallery continues to plan prudently within its means in the face of what is still forecast to be a challenging economic climate. Whilst our planning assumptions do not have

visitors returning to pre-pandemic levels for a number of years, a combination of continued government support, use of existing reserves, and new income generating opportunities through the acquisition of the National Gallery Company in 2021-22, means that we are confident that the Gallery can deliver its five-year plan without significant additional exposure should we see a return to further lockdowns.

### Risk assessment

The Accounting Officer and Board of Trustees consider the framework of internal controls and risk management to be effective. The Internal Auditor's assurance to the Accounting Officer and the Audit Committee on the National Gallery's risk management, control and governance processes was that they are generally adequate and effective. Audit recommendations have been accepted and corrective action is being taken.

There were no potential data breaches or losses during 2021-22 (2021: six), so there was no requirement to report to the Information Commissioner's Office (2021: nil).

**Signed:**  
**Dr Gabriele Finaldi**  
**Director and Accounting Officer**

**Dated: 13 July 2022**

**Signed:**  
**John Booth**  
**On behalf of the Board of Trustees**

**Dated: 13 July 2022**

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

## Opinion on financial statements

I certify that I have audited the financial statements of the National Gallery and its Group for the year ended 31 March 2022. The financial statements comprise: the National Gallery and its Group's

- Consolidated and Gallery balance sheets as at 31 March 2022;
- Consolidated Statement of Financial Activities and the Consolidated Statement of Cash Flows for the year then ended;
- the related notes 1 to 26; and
- the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the National Gallery and its Group's affairs as at 31 March 2022 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Gallery and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Gallery and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Gallery and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Board and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and the Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Museums and Galleries Act 1992.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Annual Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Museums and Galleries Act 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the National Gallery and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the National Gallery and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Trustees Board and Director for the financial statements

As explained more fully in the Statement of Trustees and Directors' Responsibilities, the Trustees and the Director are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the National Gallery and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



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

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Gallery and its Group's accounting policies.
- Inquiring of management, the National Gallery and its Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Gallery and its Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Gallery and its Group's controls relating to the National Gallery's compliance with the Museums and Galleries Act 1992, Charities Act 2011 and Managing Public Money.
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including experts in the valuation of land and buildings regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Gallery and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition within donations, legacies and sponsorship income, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Gallery and its Group's framework of authority as well as other legal and regulatory frameworks in which the National Gallery and its Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Gallery and its Group. The key laws and regulations I considered in this context included, the Museums and Galleries Act 1992, Managing Public Money, Employment Law, Tax Legislation, Pensions Legislation and the Charities Act 2011.

## Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Finance and Audit Committees and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the occurrence and cut-off of donations, legacies and sponsorship income.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

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

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

### Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

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

**Dated: 14 July 2022**



# Consolidated Statement of Financial Activities

for the year ended 31 March 2022 (continued)

Note	OPERATING INCOME AND EXPENDITURE			Funded capital projects and revaluations (a)			Acquisitions for the collection (b)			TOTAL 2022			2021	
	Unrestricted funds	Restricted funds	Total core operations	Unrestricted funds	Restricted funds	Total capital projects and revaluations	Unrestricted funds	Restricted funds	Total collection acquisition funds	Unrestricted funds	Restricted funds	Permanent endowment	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
16	-	348	348	-	-	-	27	87	114	27	435	549	1,011	3,037
	<b>(265)</b>	<b>2,065</b>	<b>1,800</b>	<b>(748)</b>	<b>1,211</b>	<b>463</b>	<b>27</b>	<b>12,025</b>	<b>12,052</b>	<b>(986)</b>	<b>15,301</b>	<b>549</b>	<b>14,864</b>	<b>20,703</b>
22	356	(151)	205	1,694	(1,906)	(212)	-	7	7	2,050	(2,050)	-	-	-
	<b>91</b>	<b>1,914</b>	<b>2,005</b>	<b>946</b>	<b>(695)</b>	<b>251</b>	<b>27</b>	<b>12,032</b>	<b>12,059</b>	<b>1,064</b>	<b>13,251</b>	<b>549</b>	<b>14,864</b>	<b>20,703</b>
12	-	-	-	-	4,996	4,996	-	-	-	-	4,996	-	4,996	(3,219)
	<b>91</b>	<b>1,914</b>	<b>2,005</b>	<b>946</b>	<b>4,301</b>	<b>5,247</b>	<b>27</b>	<b>12,032</b>	<b>12,059</b>	<b>1,064</b>	<b>18,247</b>	<b>549</b>	<b>19,860</b>	<b>17,485</b>
	<b>2,001</b>	<b>11,284</b>	<b>13,285</b>	<b>745</b>	<b>322,858</b>	<b>323,603</b>	<b>512</b>	<b>368,565</b>	<b>369,077</b>	<b>3,258</b>	<b>702,707</b>	<b>10,215</b>	<b>716,180</b>	<b>698,695</b>
22	<b>2,092</b>	<b>13,198</b>	<b>15,290</b>	<b>1,691</b>	<b>327,159</b>	<b>328,850</b>	<b>539</b>	<b>380,597</b>	<b>381,136</b>	<b>4,322</b>	<b>720,954</b>	<b>10,764</b>	<b>736,040</b>	<b>716,180</b>

(a) representing the value of capital assets, excluding the Collection, and any restricted funds for future additions.

(b) representing the value, at the date of acquisition, of donations to the Collection and picture acquisitions since 1 April 2001, and restricted and designated funds for future acquisitions.

All operations continued throughout the period.

There are no recognised gains and losses other than those shown above.

For full details of the prior year comparatives please see note 2. For an explanation of transfers please see note 22.

This Statement of Financial Activities is shown in this expanded format to enable a reader of the accounts to distinguish between the Gallery's operating activities and those activities relating to capital projects and acquisitions, which due to their high value could otherwise have a distorting effect on the overall presentation of income and expenditure.

The notes on pages 44 to 69 form part of these accounts.

## Consolidated and Gallery Balance Sheets as at 31 March 2022

	Note	Group		Gallery	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed Assets</b>					
Tangible Assets	12	322,845	316,315	322,591	316,315
Intangible Assets	13	132	–	–	–
Heritage Assets	14	376,156	366,805	376,156	366,805
Investments	16a	19,833	18,821	19,833	18,821
Investment in Subsidiary	15	–	–	372	–
		<b>718,966</b>	701,941	<b>718,952</b>	701,941
<b>Current Assets</b>					
Stock		851	21	22	21
Debtors	17	14,389	13,986	14,768	13,986
Investments	16b	3,094	3,090	3,094	3,090
Cash at bank and in hand	24b	9,998	8,040	9,313	8,040
		<b>28,332</b>	25,137	<b>27,197</b>	25,137
<b>Creditors</b>					
Amounts falling due within one year	18a	(9,845)	(9,485)	(8,576)	(9,485)
<b>Net current assets</b>		<b>18,487</b>	15,652	<b>18,621</b>	15,652
<b>Total assets less current liabilities</b>		<b>737,453</b>	717,593	<b>737,573</b>	717,593
<b>Creditors:</b>					
Amounts falling due in more than one year	18b	(1,413)	(1,413)	(1,413)	(1,413)
<b>Net assets</b>		<b>736,040</b>	716,180	<b>736,160</b>	716,180
<b>Represented by:</b>					
<b>Restricted funds</b>					
Restricted funds (excluding revaluation reserves)		603,445	590,194	603,439	590,194
Revaluation reserves		117,509	112,513	117,509	112,513
	22	<b>720,954</b>	702,707	<b>720,948</b>	702,707
<b>Unrestricted funds</b>					
Designated		539	512	539	512
Capital asset reserve		1,691	745	1,691	745
General funds		2,092	2,001	2,218	2,001
	22	<b>4,322</b>	3,258	<b>4,448</b>	3,258
<b>Total income funds</b>		<b>725,276</b>	705,965	<b>725,396</b>	705,965
<b>Endowment funds</b>	22	<b>10,764</b>	10,215	<b>10,764</b>	10,215
<b>Total funds</b>		<b>736,040</b>	716,180	<b>736,160</b>	716,180

The notes on pages 44 to 69 form part of these accounts.

**Signed:**  
**Dr Gabriele Finaldi**  
**Director and Accounting Officer**

**Dated: 13 July 2022**

**Signed:**  
**John Booth**  
**On behalf of the Board of Trustees**

**Dated: 13 July 2022**

## Consolidated Statement of Cash Flows

for the year ended 31 March 2022

		<b>2022</b>	2021
		<b>£'000</b>	£'000
<b>Cash flows from operating activities:</b>			
Net cash from operating activities	<b>23a</b>	<u><b>14,358</b></u>	<u>17,250</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>9</b>	14
Purchase of property, plant and equipment		<b>(6,987)</b>	(12,706)
Purchase of intangible assets		<b>(155)</b>	–
Purchase of heritage assets	<b>13</b>	<b>(5,826)</b>	(9,392)
Acquisition of subsidiary net of cash acquired		<b>565</b>	–
Purchase of investments		<b>(6)</b>	(6)
Net cash used in investing activities		<u><b>(12,400)</b></u>	<u>(22,090)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,958</b>	(4,840)
Cash and cash equivalents at the beginning of the reporting period		<u><b>8,040</b></u>	<u>12,880</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><b>9,998</b></u>	<u>8,040</u>

*The notes on pages 44 to 69 form part of these accounts.*

# Notes to the Financial Statements

## 1. Accounting policies

### a. Accounting convention

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of certain fixed assets and the inclusion of the investments at market value. The financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Digital, Culture, Media and Sport, the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP), published in 2019, the Government's Financial Reporting Manual and FRS 102. The Gallery is a public benefit entity.

Consolidated accounts include the National Gallery and its subsidiary, National Gallery Global (NGG), acquired on 1 April 2021.

– Going Concern

Trustees have scrutinised budgets and forecasts for the group and are satisfied with its ability to continue operating as a going concern. The accounts have therefore been prepared on that basis.

### b. Income

All income is included in the SoFA when the Gallery is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

The Grant-in-Aid from the Department for Digital, Culture, Media and Sport is taken to the SoFA in the year in which it is received. Lottery income is recognised as income when the conditions for its receipt have been met. Other grants, donations and legacies are recognised as incoming resources when the Gallery becomes entitled to the income, receipt is probable and the amount is quantifiable.

Gifts in kind intended for use by the Gallery are recognised in the SoFA as income at a reasonable estimate of their current value on receipt. Contractual income is recognised as income to the extent that the Gallery has provided the associated goods or services; income from the corporate membership programme, for example, is recognised over the period of membership. Where income is received in advance, and the Gallery does not have entitlement to these resources until the goods or services have been provided, the income is deferred in the accounts.

Income derived from endowments has been included within unrestricted funds in the SoFA, except where the application of the income is restricted to a particular purpose, in which case the income and expenditure has been appropriately identified in restricted funds. See note 22 for further details.

Contractual and trading income is recognised as income to the extent that the associated goods or services have been provided. Where income is received in advance and the Gallery does not have entitlement to these resources until the goods or services have been provided, the income is deferred.

### c. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. The allocation of these support costs, including overheads, is analysed in note 9.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Commercial trading represents those costs incurred by NGG. Exhibitions costs represent the costs of mounting exhibitions. Other direct costs are allocated against the relevant strategic objectives of the Gallery, which are described in detail in the Annual Report.

Governance costs include the costs of providing the governance infrastructure that allows the Gallery to operate, as well as the costs of the strategic planning processes that contribute to the Gallery's future development. These costs include the costs of statutory and internal audit, as well as staff costs.

Liabilities are recognised where legal or constructive obligations mean that it is more likely than not that a transfer of economic benefits will be made.

Irrecoverable VAT is apportioned across the activity cost categories detailed in note 9.

### d. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Gallery and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The funds include bequests made to the Gallery where it was clearly the wish of the donor that the money is to be used for picture purchase but where no legal restriction exists as to the use made of the bequest. The details of each designated fund are disclosed in note 22.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. The aim and use of restricted funds is explained in note 22.

Permanent endowment funds are funds which the donor has stated are to be held as capital.

*e. Tangible fixed assets*

Tangible fixed assets, other than collection acquisitions, are accounted for using modified historic cost accounting. However, adjustments to the net book value are only made where material. The Gallery applies a £5,000 threshold to the capitalisation of all fixed assets (2021: £5,000).

All of the Gallery's land, properties and plant and machinery are revalued for accounting purposes by external chartered surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institute of Chartered Surveyors and with FRS 102, section 17 – Property, Plant and Equipment, every five years. The last quinquennial valuation of the Gallery's land, buildings and plant and machinery was carried out by BNP Paribas as at 31 March 2019. The valuation included the main Gallery site on Trafalgar Square and the connected Sainsbury Wing. In the years in between the full five yearly valuations the revaluation is based on a desktop exercise.

Depreciation is provided on all tangible assets, other than collection acquisitions, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life:

Freehold buildings	75 years
Plant and machinery	30 years
Equipment	4 years

Depreciation is charged on capital costs in the year in which the asset is brought into use. Collection acquisitions are capitalised at historic cost and are not depreciated or revalued as a matter of routine.

The Gallery has chosen to account for property, plant and equipment under the revaluation model, in line with FRS 102, section 17 – Property, Plant and Equipment. We consider that there exists no market-based evidence of fair value of the freehold buildings because such property is rarely sold, except as part of a continuing business, therefore land and buildings and plant and machinery are revalued annually on a depreciated replacement cost basis. Note 8 provides details of the key valuation assumptions used.

*f. Intangible fixed assets*

Intangible fixed assets are amortised straight line over a period of between three and five years.

*g. Heritage assets*

The National Gallery's collection comprises pictures, frames and archive material, and these are treated as heritage assets.

In accordance with the Government Financial Reporting Manual (FRM) – which reflects the requirements of FRS 102, section 34 – Specialised Activities – works of art acquired or donated are capitalised and recognised in the Balance Sheet at their cost or value at the date of acquisition, where such a cost or value is reasonably obtainable.

Additions to the Collection are made by purchase, gift of the asset and/or the purchase of assets funded by donation. Works of art donated by third parties are capitalised and accounted for through the donated works of art reserve.

Capitalised heritage assets are not subject to depreciation or revaluation as a matter of routine.

The Trustees of the National Gallery believe that the Collection is unusual as an asset in many ways. It is inalienable, unique, irreplaceable, ancient, fragile and very valuable. In this regard, it is an asset that cannot be valued in a way that would be meaningful for readers of the financial statements.

The Trustees consider that even if valuations could be obtained for some of the pictures in the Collection, the cost of performing such an exercise would not be commensurate with any benefit that could be derived by the user of the financial statements from the inclusion of part of the Collection on the Balance Sheet. As a result, no value has been included in the Balance Sheet for heritage assets acquired before April 2001, the point at which additions to the Collection were first capitalised.



Further information on the nature and scale of the Gallery's collection can be found in note 14.

Expenditure which is required to preserve or prevent further deterioration of individual collection items, as well as the costs of managing the Collection, are recognised in the SoFA when incurred. More information about preservation and management of the Collection can be found in note 14.

*h. Investments*

Investments held as fixed assets are included at market value at the year end. The SoFA includes any realised and unrealised investment gains and losses arising on revaluation and disposals throughout the year.

Cash held for investment purposes in 30-day and 90-day notice accounts is treated as a current asset investment.

*i. Stocks*

Tangible stocks are held by the Gallery for use in the staff canteen and membership packs for future membership sales. Stocks for the gift shops situated within the Gallery premises are owned by NGG. Stocks are stated at the lower of cost and net realisable value.

*j. Debtors*

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Gallery at the year end.

*k. Cash at bank and in hand*

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*l. Creditors*

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

*m. Leases*

The National Gallery has no finance leases. Costs in relation to operating leases are charged to the SoFA over the life of the lease.

*n. Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the SoFA.

The Gallery undertakes the majority of its transactions in sterling, and so has limited exposure to foreign currency risk. Any loss on exchange resulting from market volatility should be manageable through general contingency funds, without resulting in any material risk to the business.

The Gallery does hold some investments in Euro denominated funds and the risk around these investments is discussed further in note 17, financial instruments.

*o. Pensions*

Staff of the National Gallery are employed under broadly the same conditions of service as Civil Servants, to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme. Full details of the pension scheme are included in note 11.

*p. Trust funds*

These funds represent amounts which have been bequeathed to the Gallery mainly for the purposes of picture acquisition. Income earned on the capital held in restricted funds is recognised in the SoFA as it arises. Any unutilised income together with the capital is held in a separate restricted fund which can only be used for the purposes originally specified by the donor.

*q. Taxation*

The Gallery is eligible under the Corporation Tax Act 2010 to seek from HMRC exemption from taxes on income arising from the pursuit of its charitable objectives. HMRC has granted this exemption.

*r. Provisions*

Provisions are made when an obligation exists for a future liability in respect of a past event, where the amount of the obligation can be reliably estimated, and where the outflow of resources is probable.

*s. Key Judgements*

– Valuation of property, plant, and equipment

Property, plant and equipment represents a significant proportion of the Gallery's balance sheet and therefore the estimates and assumptions made to determine their carrying value and related depreciation (Note 12) are important to the Gallery's reported financial position and total expenditure.

– Valuation of heritage assets

Heritage assets represents a significant proportion of the Gallery's balance sheet and therefore the estimates and assumptions made to determine their value (Note 13) are important to the Gallery's reported financial position.



	OPERATING INCOME AND EXPENDITURE			Capital projects and revaluations (a)			Acquisitions for the collection (b)			TOTAL 2021			2020
	Unrestricted funds	Restricted funds	Total core operations	Unrestricted funds	Restricted funds	Total capital projects and revaluations	Unrestricted funds	Restricted funds	Total collection acquisition funds	Unrestricted funds	Restricted funds	Permanent endowment	Total
Realised and unrealised investment gains/(losses)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	-	843	843	-	-	-	88	362	450	88	1,205	1,744	3,037
<b>Net income/(expenditure) before transfers and other recognised gains and losses</b>	<b>(818)</b>	<b>1,789</b>	<b>971</b>	<b>4,230</b>	<b>3,613</b>	<b>7,843</b>	<b>88</b>	<b>10,057</b>	<b>10,145</b>	<b>3,500</b>	<b>15,459</b>	<b>1,744</b>	<b>20,703</b>
Transfers	(749)	52	(697)	(3,485)	4,357	872	-	(174)	(174)	(4,234)	4,234	-	0
<b>Net income/(expenditure) resources before other recognised gains and losses</b>	<b>(1,567)</b>	<b>1,841</b>	<b>274</b>	<b>745</b>	<b>7,970</b>	<b>8,715</b>	<b>88</b>	<b>9,883</b>	<b>9,971</b>	<b>(734)</b>	<b>19,693</b>	<b>1,744</b>	<b>20,703</b>
(Loss)/gain on revaluation of fixed assets for charity's own use	-	-	-	-	(3,219)	(3,219)	-	-	-	-	(3,219)	-	(2,907)
<b>Net movement in funds</b>	<b>(1,567)</b>	<b>1,841</b>	<b>274</b>	<b>745</b>	<b>4,751</b>	<b>5,496</b>	<b>88</b>	<b>9,883</b>	<b>9,971</b>	<b>(734)</b>	<b>16,475</b>	<b>1,744</b>	<b>17,485</b>
<b>Opening funds</b>	<b>3,568</b>	<b>9,443</b>	<b>13,011</b>	<b>-</b>	<b>318,107</b>	<b>318,107</b>	<b>424</b>	<b>358,682</b>	<b>359,106</b>	<b>3,992</b>	<b>686,232</b>	<b>8,471</b>	<b>698,695</b>
<b>Closing funds</b>	<b>2,001</b>	<b>11,284</b>	<b>13,285</b>	<b>745</b>	<b>322,858</b>	<b>323,603</b>	<b>512</b>	<b>368,565</b>	<b>369,077</b>	<b>3,258</b>	<b>702,707</b>	<b>10,215</b>	<b>698,695</b>

**3. Grant-in-Aid**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Department for Digital, Culture, Media and Sport	<b>30,755</b>	29,257

This money is available for running costs, capital improvements and collection purchases. Of the total figure, £4.1 million (2021: £7.8 million) was restricted for capital purposes.

**4. Other Government Grant**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Arts & Humanities Research Council	<b>56</b>	368
Engineering & Physical Sciences	<b>114</b>	92
National Archives	–	5
EU Iperion	<b>77</b>	24
Open Cloud for Social Sciences & Humanities	–	9
	<b>247</b>	498

**5. Donations and Legacies**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Donations and legacies relating to Gallery activities excluding acquisitions and other capital expenditure can be split as follows:		
Individuals	<b>1,190</b>	834
Trusts and foundations	<b>3,959</b>	2,301
Gifts in kind	<b>144</b>	522
Legacies	<b>26</b>	211
	<b>5,319</b>	<b>3,868</b>

Restricted donations and legacies included above total £4,001k (2021: £2,307k).

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Donations and legacies relating to collection acquisitions can be split as follows:		
Individuals	<b>100</b>	78
Trusts and foundations	<b>8,312</b>	9,459
Gifts in kind	<b>41</b>	34
Acceptance-in-lieu	<b>3,484</b>	134
	<b>11,937</b>	9,705

	<b>2022</b>	2021
	<b>£'000</b>	£'000

Donations relating to other capital expenditure can be split as follows:

Trusts and foundations	<b>1,698</b>	334
Individuals	<b>11</b>	–
	<b>1,709</b>	334
Total donations and legacies	<b>18,965</b>	13,907

**6. Income from other trading activities**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Activities for generating funds		
Commercial trading	<b>4,642</b>	–
Other trading activities	<b>4,791</b>	4,604
Miscellaneous	<b>176</b>	182
	<b>9,609</b>	4,786

Other trading income includes royalties, venue hire, floor plan sales, exhibition sponsorship, membership subscriptions, cloakroom charging and the corporate membership programme. Commercial trading represents income generated by NGG. NGG's income generating activities are outlined in note 15.

**7. Investment income**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Income from UK bank deposits	<b>8</b>	13
Income from overseas funds	<b>1</b>	1
	<b>9</b>	14

**8. Trustees' remuneration**

The Chairman and Board of Trustees neither received nor waived any remuneration for their services during the year (2021: £nil). The total value of expenses reimbursed to Trustees amounted to £nil for the year (2021: £nil).

**9. Total expenditure**

	Direct costs	Support costs	Depre- ciation	<b>Total</b>	Total
	£'000	£'000	£'000	<b>£'000</b>	£'000
Raising funds	1,942	481		<b>2,423</b>	2,395
Commercial trading	4,775	–	–	<b>4,775</b>	–
Total expenditure on raising funds	6,717	481	–	<b>7,198</b>	2,395
Exhibitions	4,371	354	558	<b>5,283</b>	3,308
Broaden our appeal and provide an exceptional visitor experience	11,096	1,391	2,029	<b>14,516</b>	13,828
Preserve, enhance and develop the potential of our collections	6,582	1,356	1,241	<b>9,179</b>	5,866
Inspire learning and engagement	3,108	855	500	<b>4,463</b>	4,091
Invest in our staff, increase income and care for our physical facilities	5,816	410	1,015	<b>7,241</b>	6,789
Total expenditure on charitable activities	30,973	4,366	5,343	<b>40,682</b>	33,882
Total expenditure	37,690	4,847	5,343	<b>47,880</b>	36,277

A breakdown of support costs, and a description of the basis on which these costs have been allocated to each of the activity cost categories, is set out below:

Cost type	Fundraising costs	Exhibitions	Appeal and visitor experience	Preserve, enhance and develop	Learning and engagement	Staff and physical facilities	Total	Basis of allocation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Finance	26	135	462	164	22	279	<b>1,088</b>	Direct expenditure of activity
Human Resources	182	77	335	468	335	28	<b>1,425</b>	Headcount
Information Services	267	113	493	688	493	42	<b>2,096</b>	Headcount
Governance	6	29	101	36	5	61	<b>238</b>	Direct expenditure of activity
	<u>481</u>	<u>354</u>	<u>1,391</u>	<u>1,356</u>	<u>855</u>	<u>410</u>	<b><u>4,847</u></b>	

## Analysis of governance costs:

	2022	2021
	£'000	£'000
Staff costs	<b>108</b>	106
Auditor's remuneration	<b>55</b>	46
Internal audit fees	<b>49</b>	30
Operational consultants	–	1
Legal fees	<b>26</b>	58
	<b><u>238</u></b>	<u>241</u>

## Total expenditure includes the following:

	2022	2021
	£	£
Auditor's remuneration:		
National Audit Office – Statutory audit of consolidated accounts	<b>55</b>	46
Price Bailey – Statutory audit of trading subsidiary	<b>15</b>	–
Leased rental payments on equipment and office space	<b>20</b>	628
	<b><u>90</u></b>	<u>674</u>

Our auditor is The National Audit Office who subcontract audit work to Deloitte. During the year no other services were provided by Deloitte. No payments were made to our auditors (2020–21: £nil) for the provision of non audit services.

No grant was made this year to the National Gallery Trust (2021: nil).

**10. Staff costs**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Wages and salaries	<b>13,173</b>	10,623
Social security costs	<b>1,381</b>	1,129
Pension costs	<b>2,892</b>	2,683
Apprenticeship levy	<b>40</b>	67
Agency staff	<b>162</b>	175
	<b><u>17,648</u></b>	<u>14,677</u>

Total spend on contingent labour is disclosed under the heading 'agency staff'.

The average number of employees during the year, analysed by function was:

	<b>2022</b>	<b>2022</b>	<b>2022</b>	2021
	<b>Permanent</b>	<b>Other</b>	<b>Total</b>	Total
	<b>contracts</b>	<b>contracts</b>	<b>No.</b>	No.
	<b>No.</b>	<b>No.</b>		
Fundraising	26	5	<b>31</b>	28
Commercial trading	51	8	<b>59</b>	–
Exhibitions	11	3	<b>14</b>	14
Broaden our appeal and provide an exceptional visitor experience	48	8	<b>56</b>	58
Preserve, enhance and develop the potential of our collections	67	9	<b>76</b>	81
Inspire learning and engagement	48	11	<b>59</b>	59
Invest in our staff, increase income and care for our physical facilities	4	–	<b>4</b>	4
Support	43	6	<b>49</b>	40
Governance	2	–	<b>2</b>	2
	<u>300</u>	<u>50</u>	<b><u>350</u></b>	<u>286</u>

Further information relating to staff pay can be found in the Staff Report.

Further information relating to the Director's and senior managers' pay can be found in the Remuneration Report.

**11. Pension costs**

Staff of the National Gallery are employed under broadly the same conditions of service as Civil Servants, to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply.

All present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha'.

PCSPS and alpha are unfunded multi-employer defined benefit schemes. The National Gallery is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)).

For 2022, employer's contributions of £2,634,627 were payable to the PCSPS (2021: £2,596,738) at one of four rates in the range 26.6% to 30.3% of pensionable pay based on salary bands. 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 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £73,127 (2021: £85,444) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,264 (2021: £2,602), 0.5% (2021: 0.5%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension provider at the balance sheet date were £5,833 (2021: £6,844).



No individuals retired early on ill-health grounds during the year ended 31 March 2022 (2021: none).

## 12. Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>					
As at April 2021	245,030	77,034	20,645	6,122	<b>348,831</b>
NGG fixed assets acquired	–	–	–	1,394	<b>1,394</b>
Additions	3,059	1,939	–	1,629	<b>6,627</b>
Disposals	–	–	–	(599)	<b>(599)</b>
Revaluation	4,192	804	–	–	<b>4,996</b>
Transfers	11,232	9,343	(20,645)	70	–
As at 31 March 2022	263,513	89,120	–	8,616	<b>361,249</b>
<b>Depreciation</b>					
As at 1 April 2021	9,263	17,876	–	5,377	<b>32,516</b>
Accumulated depreciation on NGG fixed assets acquired	–	–	–	715	<b>715</b>
Disposals	–	–	–	(378)	<b>(378)</b>
Charge for year	1,651	2,943	–	957	<b>5,551</b>
Revaluation	–	–	–	–	–
As at 31 March 2022	10,914	20,819	–	6,671	<b>38,404</b>
<b>Net book value</b>					
<b>31 March 2022</b>	<b>252,599</b>	<b>68,301</b>	–	<b>1,945</b>	<b>322,845</b>
31 March 2021	235,767	59,158	20,645	745	316,315
<b>Gallery</b>					
<b>Cost or valuation</b>					
As at April 2021	245,030	77,034	20,645	6,122	<b>348,831</b>
Additions	3,059	1,939	–	1,624	<b>6,622</b>
Disposals	–	–	–	(202)	<b>(202)</b>
Revaluation	4,192	804	–	–	<b>4,996</b>
Transfers	11,232	9,343	(20,645)	70	–
As at 31 March 2022	263,513	89,120	–	7,614	<b>360,247</b>
<b>Depreciation</b>					
As at 1 April 2021	9,263	17,876	–	5,377	<b>32,516</b>
Disposals	–	–	–	(202)	<b>(202)</b>
Charge for year	1,651	2,943	–	748	<b>5,342</b>
Revaluation	–	–	–	–	–
As at 31 March 2022	10,914	20,819	–	5,923	<b>37,656</b>
<b>Net book value</b>					
<b>31 March 2022</b>	<b>252,599</b>	<b>68,301</b>	–	<b>1,691</b>	<b>322,591</b>
31 March 2021	235,767	59,158	20,645	745	316,315

The freehold of the National Gallery, including both the Wilkins Building and the Sainsbury Wing, was transferred from the Secretary of State for the Environment and the Crown to the Trustees of the Gallery on 12 January 1994.

The freehold property was independently valued as at 31 March 2022 by Mark Thompson BA (Hons) MRICS IRRV of BNP Paribas Real Estate, (the "Valuer") acting in the capacity of an external valuer. The valuation was in accordance with the requirements of the Government's Financial Reporting Manual, the Statement of Recommended Practice

'Accounting and Reporting by Charities', the current RICS Valuation – Professional Standards and FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

The valuation was on the basis of Fair Value, subject to the following assumption:

- That the property would be sold as part of the continuing business (or entity) in occupation.

The Valuer's opinion of Fair Value was primarily derived using:

- The depreciated replacement cost method of valuation because the specialised nature of the asset means that there are no market transactions of this type of asset except on the basis of a sale as part of the business or entity in occupation.

The Valuer has reported a total Fair Value of £320,900,000.

Had the revaluation model not been applied, the carrying amount that would have been recognised had the assets been carried under the historical cost model for each class of revalued assets is as follows:

	<b>Freehold land and buildings £'000</b>	<b>Plant and machinery £'000</b>
Effective value under historical cost model	164,574	38,817

The financial effect of revaluing other assets (excluding plant and machinery) was considered to be immaterial in terms of the overall net book value and therefore they have been disclosed at their historic cost value.

### 13. Intangible fixed assets

<b>Group</b>	<b>Total £'000</b>
<b>Cost or valuation</b>	
As at April 2021	–
NGG fixed assets acquired	<b>381</b>
Additions	<b>97</b>
Disposals	<b>(103)</b>
Revaluation	–
Transfers	–
As at 31 March 2022	<b>375</b>
<b>Depreciation</b>	
As at 1 April 2021	–
Accumulated depreciation on NGG fixed assets acquired	<b>323</b>
Disposals	<b>(101)</b>
Charge for year	<b>21</b>
Revaluation	–
As at 31 March 2022	<b>243</b>
<b>Net book value</b>	
<b>31 March 2022</b>	<b>132</b>
31 March 2021	–

## 14. Heritage assets

The National Gallery houses one of the greatest collections of Western European painting in the world. These pictures belong to the public and entrance to see them is free. The Gallery aims to tell the story of European painting as completely as possible and at the highest possible level. The Collection contains over 2,300 works, including many iconic masterpieces such as van Eyck's *Arnolfini Portrait*, Piero della Francesca's *Baptism*, Holbein's *Ambassadors*, Leonardo's *Virgin of the Rocks*, Vermeer's *Young Woman Standing at a Virginal*, Velázquez's *Rokeby Venus*, Turner's *Fighting Temeraire* and Van Gogh's *Sunflowers*. The work of some of the greatest painters, including Raphael, Titian, Rembrandt, Monet and Cezanne, is represented in great depth, with a range of works of varying types and from different periods of the artists' careers.

A full description of the Collection, including zoomable images of every picture, can be found on the National Gallery's website.

Heritage assets capitalised in the Balance Sheet are shown below:

	<b>Cost</b> <b>£'000</b>	<b>Valuation</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
As at 1 April 2021	75,799	291,006	<b>366,805</b>
Additions	<u>5,826</u>	<u>3,525</u>	<b>9,351</b>
As at 31 March 2022	<u>81,625</u>	<u>294,531</u>	<b>376,156</b>

All heritage assets acquired since 1 April 2001 have been included in the Balance Sheet at their cost or value at the date of acquisition.

Where heritage assets have been acquired under the Acceptance in Lieu Scheme or Cultural Gifts Scheme, valuations are provided by the Arts Council England. Where pictures have been donated, bequeathed or acquired other than on the open market, valuations have been performed by the Gallery's curators, who are recognised experts in their fields, or by external valuers. The primary method of valuation involves the analysis of recent market values for comparable works, together with a detailed technical assessment of the painting's physical condition to arrive at a reasonable valuation. However, there is an inherent limitation to valuation of works acquired by the National Gallery, simply because by their nature they are usually unique and iconic works of art for which little or no comparable market data exists.

Additions and commitments to acquire during the year ending 31 March 2022 comprise:

- Paolo Veronese's *Portrait of a Gentleman of the Soranzo Family*. The works of Paolo Veronese are at the core of the Gallery's outstanding collection of Venetian Renaissance paintings. With the acquisition of this painting from the Harewood collection, we add to the assemblage at Trafalgar Square of religious, mythological and allegorical masterpieces one of his rare portraits. Painted in the last decade of Veronese's life – a period not previously represented in the Gallery – it depicts, at full length, a member of the Soranzo family, long-standing patrons of the artist.
- Lo Spagna's *Christ Carrying the Cross, Portrait of a Girl*. Lo Spagna was among the most talented the associates of Pietro Perugino, developing a sweet, charming yet idiosyncratic manner that is exemplified in this painting. The work was likely one of the wings of a small altarpiece; the other wing – Christ at Gethsemane (NG 1812) – has been in the collection since 1900.
- 26 frames for various pictures

**Five year financial summary of acquisitions**

	<b>2022</b>	2021	2020	2019	2018
	<b>£'000</b>	£'000	£'000	£'000	£'000
Donated assets and acquisitions funded by donations	9,246	9,560	32,303	9,650	18,738
Other acquisitions	105	–	22	79	20
Total cost/value of acquisitions	<u>9,351</u>	<u>9,560</u>	<u>32,325</u>	<u>9,729</u>	<u>18,758</u>

Significant additions over the last five years include:

- Sir Thomas Lawrence's *The Red Boy*, bought with the support of the American Friends of the National Gallery, the Estate of Miss Gillian Cleaver, Art Fund (with a contribution from the Wolfson Foundation), The Al Thani Collection Foundation, The Manny and Brigitta Davidson Charitable Foundation, Mr William Sharpe, and The Society of Dilettanti Charitable Trust, 2021.
- Orazio Gentileschi's *The Finding of Moses*, bought with the support of the American Friends of the National Gallery, the National Gallery Trust, the National Heritage Memorial Fund, Art Fund (through the legacy of Sir Denis Mahon), The Maurice Wohl Charitable Foundation, The Deborah Loeb Brice Foundation, The Capricorn Foundation, The Manny and Brigitta Davidson Charitable Foundation, Alejandro and Charlotte Santo Domingo, Beatrice Santo Domingo, The Wei Family and other donors, and through public appeal and bequests.
- Artemisia Gentileschi's *Self Portrait as Saint Catherine of Alexandria*, bought with the support of American Friends of the National Gallery, the National Gallery Trust, Art Fund (through the legacy of Sir Denis Mahon), Lord and Lady Sassoon, Lady Getty, Hannah Rothschild CBE, Mrs Mollie W. Vickers, the Hon. Mrs Ashley Dawson-Damer, The Society of Dilettanti Charitable Trust Fund, Mr Andrew Green QC and Ms Hirschl, Mr Matthew Santos and Mrs Mary Kuusisto, Mr Peter Scott CBE QC and Dr Richard Ballantine, the Diane Apostolos-Cappadona Trust, Mr Stephen Allcock, Mr James and Lady Emma Barnard, Miss Maxine White and Mr James Mortimer, Michael and Felicia Crystal, The W T J Griffin Charitable Settlement and other donors including those who wish to remain anonymous. Artemisia Gentileschi is the most celebrated female painter of the 17th century, working in Rome, Florence, Venice, Naples and London for the highest echelons of European society, including the Grand Duke of Tuscany and Philip IV of Spain. In this portrait, she paints herself in the guise of Saint Catherine of Alexandria, a Christian saint martyred in the early 4th century.
- Jean-Etienne Liotard's *The Lavergne Family Breakfast*, accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery. Liotard was arguably the leading artist in pastel of the eighteenth century and a master of psychologically penetrating portraits and intimate scenes of family conviviality. This depiction of his niece and her niece at an elegant breakfast, painted in Lyon in 1754, is both among his largest pastels and regarded by connoisseurs as a highlight of his career.
- Camille Pissarro – *Late Afternoon in our Meadow*, accepted in lieu of Inheritance Tax by HM Government from the collection of William Waldorf Astor, 3rd Viscount Astor and allocated to the National Gallery. While the leading Impressionist Pissarro is well-represented in the collection, this large landscape is the only painting of his dating from the 1880s, a key period of experimentation in the Paris art world.
- Lucas Cranach the Elder's *Venus and Cupid*, a gift from the Drue Heinz Charitable Trust. Cranach was one of the leading German painters and printmakers of the early 16th century. As court painter of the Elector of Saxony, the patron of Luther, Cranach is remembered as the chief artist of the Reformation. In this painting, Cupid complains to Venus of being stung by bees when stealing a honeycomb. This is to be taken as a moral commentary; as the inscription observes: 'life's pleasure is mixed with pain.'

## Heritage assets not capitalised on the Balance Sheet

The proportion of the Collection not capitalised on the Balance Sheet is set out below:

	Total number of items	Number capitalised	% capitalised	Number not capitalised	% not capitalised
Pictures	<u>2,394</u>	<u>105</u>	<u>4%</u>	<u>2,289</u>	<u>96%</u>

The vast majority of the Gallery's collection is not capitalised. The nature and scale of the Collection can be viewed in detail on the Gallery's website.

## Heritage asset management

### Acquisitions

The acquisition of pictures and frames is one of the Gallery's statutory objectives. Acquisitions are essential to enhance the Collection now and for future generations. In particular, acquisitions enable the Gallery to develop its presentation of the history of Western European painting.

The Gallery's principal aims in making acquisitions are as follows:

- to obtain masterpieces of outstanding quality;
- to develop the Gallery's uniquely coherent narrative of Western European painting beyond the canon established during the nineteenth century; and
- to build on the Gallery's strengths.

All acquisitions, whether by purchase or donation, require the approval of the Board of Trustees. Prior to approval, potential acquisitions are subject to detailed checks concerning the ownership, provenance, condition and value of the picture, taking into account guidelines published by the Department for Digital, Culture, Media and Sport (Combating Illicit Trade: due diligence guidelines for museums, libraries and archives on collecting and borrowing cultural material).

### Preservation

The most effective strategy for preservation is the application of principles of preventive conservation, largely achieved through environmental and light control. These principles are the subject of research and refinement and are specified by the Scientific and Conservation departments working with the Gallery's engineers. In addition to conservation treatments, the Conservation department's work includes assessment of the Collection, preventive maintenance and minor treatment such as blister laying, surface cleaning and re-varnishing. Except in an emergency, all proposals for major conservation work including cleaning are referred to the Board, both for permission to begin and on completion, for approval of the work done and for the painting's return to exhibition. All minor work is discussed with and agreed by the relevant curator.

Detailed information on the Gallery's preservation policies can be found in the Conservation Risk Management Statement and Preventive Conservation Risk Management Statement on the Gallery's website.

### Management

The Gallery's collection comprises 2,394 paintings and approximately 2,564 frames. As at 31 March 2022 910 (38%) paintings were on public display at the Gallery, 98 (4%) on loan elsewhere and the remainder were in the conservation and photographic studios or in storage.

The National Gallery is committed to the widest possible access to the collection which it houses, conserves and displays. Details of the policy adopted by the Gallery to provide access can be found in the Access Statement on the Gallery's website.

The Museum System (TMS), a sophisticated collections management system, is used by a number of departments to catalogue the Collection and to manage acquisitions, location recording, exhibitions and loans. Location recording in TMS is a core part of the processes involved in moving paintings within and into and out of the National Gallery. This is supported by daily inventory checks of the public display galleries and regular checks of other areas where pictures may be stored.

*Disposals*

The Trustees of the Gallery have a statutory responsibility to hold and maintain the collection of pictures in trust for future generations in accordance with the Gallery's charitable objectives. The Trustees are not empowered to dispose of any pictures: the Collection is inalienable. Any disposal of an item in the Collection could only be made by transfer to another national collection in accordance with the provisions of the Museums and Galleries Act 1992.

**15. Subsidiaries**

The National Gallery acquired 100% of the share capital (800,100 ordinary shares of £1 each) of the National Gallery Company Limited (NGC) (company registration number 02280277) on 1 April 2021. NGC changed its name to National Gallery Global (NGG) on 4 April 2022.

NGG's principal activities comprise the management and operation of restaurant, café and ancillary services for the benefit of visitors to the National Gallery, the publishing and sale of books and other products and merchandise associated with the Collection, and the hosting of events at the Gallery.

The NGG balance sheets on acquisition and as at 31 March 2022 are disclosed below.

	<b>2022</b>	On
	<b>£'000</b>	acquisition
		£'000
<b>Fixed assets</b>		
Intangible assets	<b>132</b>	58
Tangible assets	<b>254</b>	679
	<b>386</b>	737
<b>Current assets</b>		
Stock	<b>828</b>	667
Debtors	<b>704</b>	485
Cash	<b>685</b>	565
	<b>2,217</b>	1,717
<b>Creditors</b>	<b>(2,350)</b>	(2,082)
<b>Net assets</b>	<b>253</b>	372
<b>Capital and reserves</b>		
Called up share capital	<b>800</b>	800
Retained earnings	<b>(547)</b>	(428)
	<b>253</b>	372

During the period NGG generated turnover of £5.6m and incurred expenditure of £5.7m, creating a net loss of £0.1m.

**16. Investments****a. Fixed asset investments**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Market value as at 1 April	<b>18,821</b>	15,783	<b>18,821</b>	15,783
Investment portfolio additions	<b>1</b>	1	<b>1</b>	1
Realised and unrealised gains	<b>1,011</b>	3,037	<b>1,011</b>	3,037
Market value as at 31 March	<b>19,833</b>	18,821	<b>19,833</b>	18,821

Fixed asset investments comprise the following:

	<b>2022</b>		<b>2021</b>	
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Authorised funds	<b>18,760</b>	17,748	<b>18,760</b>	17,748
Cash held as part of the investment portfolio	<b>1,073</b>	1,073	<b>1,073</b>	1,073
	<b>19,833</b>	18,821	<b>19,833</b>	18,821

Fair value reserve:

	<b>2022</b>		<b>2021</b>	
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Investment in funds at historic cost	<b>14,879</b>	14,879	<b>14,879</b>	14,879
Fair value reserve	<b>3,881</b>	2,869	<b>3,881</b>	2,869
Cash held as part of the investment portfolio	<b>1,073</b>	1,073	<b>1,073</b>	1,073
Market value of investments	<b>19,833</b>	18,821	<b>19,833</b>	18,821

**b. Current asset investments**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Current asset investments	<b>3,094</b>	3,090	<b>3,094</b>	3,090
Movement in the year				
Total as at 1 April	<b>3,090</b>	3,085	<b>3,090</b>	3,085
Net transfers in year	<b>4</b>	5	<b>4</b>	5
Total as at 31 March	<b>3,094</b>	3,090	<b>3,094</b>	3,090

Cash held for investment purposes in 30-day and 90-day notice accounts is treated as a current asset investment.

**17. Debtors**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Amounts falling due within one year				
Trade debtors	<b>1,189</b>	1,416	<b>768</b>	1,416
Other debtors	<b>89</b>	449	<b>89</b>	449
Tax and social security	<b>1,459</b>	1,243	<b>1,459</b>	1,243
Prepayments and accrued income	<b>10,634</b>	10,521	<b>10,468</b>	10,521
Amount due from subsidiaries	<b>-</b>	-	<b>966</b>	-
	<b>13,371</b>	13,629	<b>13,750</b>	13,629
Amounts falling due in more than one year				
Prepayments and accrued income	<b>1,018</b>	357	<b>1,018</b>	357
	<b>14,389</b>	13,986	<b>14,768</b>	13,986

**18. Creditors****a. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade creditors	<b>4,017</b>	962	<b>3,514</b>	962
Other creditors	<b>750</b>	896	<b>588</b>	896
Accruals and deferred income	<b>5,078</b>	7,627	<b>4,474</b>	7,627
Amounts due to subsidiaries	<b>-</b>	-	<b>-</b>	-
	<b>9,845</b>	9,485	<b>8,576</b>	9,485

**b. Creditors: amounts falling due in more than one year**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Amounts falling due in more than one year				
Accruals and deferred income	<b>1,413</b>	1,413	<b>1,413</b>	1,413
	<b>1,413</b>	1,413	<b>1,413</b>	1,413
In more than one year but not more than two years	<b>283</b>	283	<b>283</b>	283
In more than two years but not more than five years	<b>1,130</b>	1,130	<b>1,130</b>	1,130
	<b>1,413</b>	1,413	<b>1,413</b>	1,413

The movement on the deferred income account in the year was:

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
As at 1 April	<b>3,441</b>	6,583	<b>3,441</b>	6,583
Acquired on acquisition of NGG	<b>369</b>	-	<b>-</b>	-
Amounts released from previous years	<b>(198)</b>	(3,617)	<b>(12)</b>	(3,617)
Income deferred in the current year	<b>1,219</b>	475	<b>942</b>	475
As at 31 March	<b>4,831</b>	3,441	<b>4,371</b>	3,441

Deferred income released during the year related to acquisitions where the transactions were completed during the year. Income deferred in the year includes grants restricted to future activities, as well as corporate membership, exhibition sponsorship and other membership income.



## 19. Financial instruments

The group's financial instruments, as defined in FRS 102 section 11, are set out by category below:

	<b>Measured at cost £'000</b>	<b>Measured at fair value £'000</b>	<b>Total £'000</b>
At 31 March 2022			
Cash	9,998	–	9,998
Current asset investments	3,094	–	3,094
Trade and other debtors	1,796	–	1,796
Fixed asset investments	–	19,833	19,833
Trade and other creditors	(5,482)	–	(5,482)
	<b><u>9,406</u></b>	<b><u>19,833</u></b>	<b><u>29,239</u></b>
At 31 March 2021			
Cash	8,040	–	8,040
Current asset investments	3,090	–	3,090
Trade and other debtors	3,274	–	3,274
Fixed asset investments	–	18,821	18,821
Trade and other creditors	(7,242)	–	(7,242)
	<b><u>7,162</u></b>	<b><u>18,821</u></b>	<b><u>25,983</u></b>

Information on the Gallery's overall approach to financial risk management may be found in the investment, reserves, and risk sections of the Annual Report. The significance of financial instruments to the risk profile is as follows:

### *Credit risk*

The Gallery's credit risk arises from its investments, bank deposits, and trade and other debtors. Other than cash within the investment portfolio, term deposits and cash holdings are spread across regulated UK banks. The Gallery has not suffered any loss in relation to cash held by its bankers. Trade debtors of £1.2 million (2021: £1.4 million) are not considered a significant risk since major customers are familiar to the Gallery. The Gallery's debtor profile is reviewed regularly to ensure that prompt action is taken, and a provision is made at the end of the year against any debts considered doubtful. No provision (2021: £64k) was made against doubtful debts. Write-offs in the year for bad debts amounted to £50k. (2021: £99k).

### *Liquidity risk*

The Gallery's reserves policy, set out in the Annual Report, helps provide a safeguard against volatile and unpredictable income streams. Grant-in-aid from the Department for Digital, Culture, Media and Sport represents 50% (2021: 54%) of the Gallery's income before transfers and revaluations. Current asset investments of £3.1m (2021: £3.1m) and a further £20m (2021: £19m) of readily realisable fixed asset investments help mitigate exposure to liquidity risk.

### *Market risk*

#### a. Interest rate risk

The Gallery has no borrowings. Interest receivable is 0.01% of incoming resources before transfers and revaluations. The interest rate is not considered to be a significant risk for the Gallery in relation to income. The Gallery has made aggressive budgeting assumptions in regard to the expected inflationary pressures on expenditure. A contingency is also maintained which further mitigates the risk of rising prices.

#### b. Price risk

The Gallery is exposed to market fluctuations on its investments, mitigated through diversification. This risk is monitored by a sub-committee of the Board, as described in the investment policy above. For non-investment transactions, exposure is reduced by competitive tendering and the securing of multi-year fixed-price contracts where appropriate.

## c. Foreign currency risk

At the end of the year £18.5 million (2021: £17.5 million) was invested in Euro denominated funds. Given the value compared to overall net assets, exposure to currency fluctuations is not considered significant enough to require sensitivity analysis.

**20. Financial commitments***Capital Commitments*

The Gallery had no capital commitments (2021: £153k) as at 31 March 2022. NGG held capital commitments of £32k as at 31 March 2022.

*Commitments under operating leases*

As at 31 March 2022 the National Gallery had commitments under operating leases for photocopiers payable as set out below:

	<b>2022</b> <b>£'000</b>	2021 £'000
Operating leases which expire:		
Within 1 year	<b>26</b>	22
Between 2 and 5 years	<b>43</b>	–
Over 5 years	–	–
	<b>69</b>	<b>22</b>

**21. Contingent liabilities**

As at 31 March 2022 the Gallery recognised no contingent liabilities (2021: nil).

In addition, the Gallery continues to recognise an unquantifiable liability in respect of funds received from Ronald S. Lauder. These funds enabled the Gallery to purchase the painting *Scenes from the Lives of the Virgin and other Saints* by Giovanni da Rimini, in July 2015. The Deed between the Gallery and the Donor states that a part of the consideration is in relation to the lease of the Painting to the Donor in the period from the acquisition of the Painting for the remainder of the Donor's lifetime. However, the Gallery is unable to measure the value of the obligation, so it has been recorded as an unquantifiable contingent liability at 31 March 2022 as it was in the prior year.

**22. Group statement of funds**

	At 1 April 2021 £'000	Income £'000	Expendi- ture £'000	Revaluation £'000	Transfers £'000	At 31 March 2022 £'000
<b>Unrestricted funds</b>						
Designated funds:						
Trust funds designated for the purchase of heritage assets	512	–	–	27	–	539
<b>Total designated funds</b>	<b>512</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>	<b>539</b>
General funds	2,001	39,714	(39,979)	–	356	2,092
Capital assets reserve	745	–	(748)	–	1,694	1,691
<b>Total unrestricted funds</b>	<b>3,258</b>	<b>39,714</b>	<b>(40,727)</b>	<b>27</b>	<b>2,050</b>	<b>4,332</b>
<b>Restricted income funds</b>						
Capital assets reserve	210,347	5,806	(4,595)	–	(1,906)	209,652
Building revaluation reserve	83,833	–	–	4,192	–	88,025
Plant and machinery revaluation reserve	28,680	–	–	804	–	29,484
Donated works of art reserve	294,475	3,644	–	–	5,721	303,840
Heritage assets acquired	72,213	–	–	–	105	72,318
History Collection reserve	321	–	–	–	–	321
Exhibitions programme fund	1,068	1,035	(1,063)	–	(31)	1,009
Running cost fund	4,101	3,240	(1,495)	19	(120)	5,745
Curatorial fund	1,184	–	–	64	–	1,248
Collection purchases fund	(74)	8,294	–	–	(5,819)	2,401
Collection purchases trust fund	1,625	–	–	87	–	1,712
Art historical research	4,934	–	–	265	–	5,199
<b>Total restricted income funds</b>	<b>702,707</b>	<b>22,019</b>	<b>(7,153)</b>	<b>5,431</b>	<b>(2,050)</b>	<b>720,954</b>
<b>Endowment funds</b>						
Collection purchase endowments	5,600	–	–	301	–	5,900
Art historical research endowment	1,896	–	–	102	–	1,998
General purpose endowments	2,719	–	–	146	–	2,865
<b>Total endowment funds</b>	<b>10,215</b>	<b>–</b>	<b>–</b>	<b>549</b>	<b>–</b>	<b>10,764</b>
<b>Total funds</b>	<b>716,180</b>	<b>61,733</b>	<b>(47,880)</b>	<b>6,007</b>	<b>–</b>	<b>736,040</b>

	At 1 April 2020 £'000	Income £'000	Expendi- ture £'000	Revaluation £'000	Transfers £'000	At 31 March 2021 £'000
<b>Unrestricted funds</b>						
Designated funds:						
Funds designated to provide CV-19 resiliency	1,567	–	–	–	(1,567)	–
Trust funds designated for the purchase of heritage assets	424	–	–	88	–	512
<b>Total designated funds</b>	<b>1,991</b>	<b>–</b>	<b>–</b>	<b>88</b>	<b>(1,567)</b>	<b>512</b>
General funds	2,001	29,114	(29,932)	–	818	2,001
Capital assets reserve	–	4,230	–	–	(3,485)	745
<b>Total unrestricted funds</b>	<b>3,992</b>	<b>33,344</b>	<b>(29,932)</b>	<b>88</b>	<b>4,234</b>	<b>3,258</b>
<b>Restricted income funds</b>						
Capital assets reserve	202,376	8,065	(4,451)	–	4,357	210,347
Building revaluation reserve	85,279	–	–	(1,446)	–	83,833
Plant and machinery revaluation reserve	30,453	–	–	(1,773)	–	28,680
Donated works of art reserve	285,045	178	(10)	–	9,262	294,475
Heritage assets acquired	72,213	–	–	–	–	72,213
History Collection reserve	287	–	–	–	34	321
Exhibitions programme fund	170	1,285	(439)	–	52	1,068
Running cost fund	4,002	1,544	(1,445)	–	–	4,101
Curatorial fund	1,184	–	–	–	–	1,184
Collection purchases fund	(131)	9,527	–	–	(9,470)	(74)
Collection purchases trust fund	1,263	–	–	362	–	1,625
Art historical research	4,091	–	–	843	–	4,934
<b>Total restricted income funds</b>	<b>686,232</b>	<b>20,599</b>	<b>(6,345)</b>	<b>(2,014)</b>	<b>4,234</b>	<b>702,707</b>
<b>Endowment funds</b>						
Collection purchase endowments	4,644	–	–	956	–	5,600
Art historical research endowment	1,572	–	–	324	–	1,896
General purpose endowments	2,255	–	–	464	–	2,719
<b>Total endowment funds</b>	<b>8,471</b>	<b>–</b>	<b>–</b>	<b>1,744</b>	<b>–</b>	<b>10,215</b>
<b>Total funds</b>	<b>698,695</b>	<b>53,943</b>	<b>(36,277)</b>	<b>(182)</b>	<b>–</b>	<b>716,180</b>

*Unrestricted funds*

- Designated funds are held for the purpose outlined in the title of the fund.
- General funds may be applied to general use and are expendable at the discretion of the Trustees.
- The unrestricted capital asset reserve comprises funds in respect of the Gallery's equipment. Following an evaluation of the use of the Gallery's fixed assets, a transfer was made at the end of 2020-21 to move the value of our equipment to an unrestricted fund to reflect our view that there is no restriction over the use of this asset category.

*Restricted income funds*

- Capital assets reserve comprises funds in respect of the Gallery's land, buildings and plant and machinery.
- Revaluation reserves reflect the effect of revaluations of tangible fixed assets over time.
- The donated works of art reserve represents the value of works of art donated to the Collection subsequent to 1 April 2001 and capitalised as well as donations for future acquisitions.
- Heritage assets acquired represents the cost at the date of acquisition of works of art acquired since 1 April 2001. These are treated as restricted because the Collection is inalienable.
- Exhibitions programme funds are those raised specifically to support the Gallery's exhibition programme.

- Running cost funds are those raised to support other Gallery projects, including educational initiatives.
- Curatorial funds are those raised specifically for the financing of curatorial activities, including the funding of certain curatorial posts.
- Collection purchases funds comprise bequests received specifically for the acquisition of works of art for the Collection. The deficit on this fund relates to a funded picture acquisition where pledges of funding will be received over the next four financial years.
- Art historical research represents funds raised specifically towards the financing of curatorial research into the Collection.

#### Endowment funds

- Collection purchase endowments comprise funds donated where the income may be applied only to collection purchases, while the capital must be retained in the endowment.
- Art historical research endowment represents funds donated where the income may be applied only towards the cost of research into the Collection, while the capital must be retained in the endowment.
- General purpose endowments comprise funds donated where the income may be applied to general expenditure, while the capital must be retained in the endowment.

Transfers reflect the capitalisation of fixed and heritage assets as well as cover for the elimination of intragroup transactions.

### 23. Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Tangible assets	1,691	321,154	–	<b>322,845</b>	316,315
Heritage assets	–	376,156	–	<b>376,156</b>	366,805
Fixed asset investments	–	9,069	10,764	<b>19,833</b>	18,821
Other net assets	2,631	14,575	–	<b>17,206</b>	14,239
Total net assets	<u>4,322</u>	<u>720,954</u>	<u>10,764</u>	<u><b>736,040</b></u>	<u>716,180</u>

### 24. Note to the cash flow statement

#### a. Reconciliation of net income to net cash flow from operating activities:

	2022 £'000	2021 £'000
<b>Net income for the reporting period (as per the SoFA)</b>	<b>14,864</b>	20,703
<b>Adjustments for:</b>		
Donations to the collection	<b>(3,525)</b>	(168)
Depreciation charges	<b>5,551</b>	4,451
Amortisation charges	<b>21</b>	–
Gains on investments	<b>(1,011)</b>	(3,037)
Non cash gain on acquisition of subsidiary	<b>372</b>	–
Dividends, interest and rents from investments	<b>(9)</b>	(14)
Loss on the sale of fixed assets	<b>219</b>	–
(Increase)/decrease in stocks	<b>(163)</b>	3
(Increase)/decrease in debtors	<b>82</b>	(3,292)
(Decrease) in creditors	<b>(2,043)</b>	(1,396)
<b>Net cash from operating activities</b>	<u><b>14,358</b></u>	<u>17,250</u>

**b. Composition of the cash balance at the end of the year:**

	<b>Group</b>		<b>Gallery</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Balance with Government Banking Services	<b>359</b>	838	<b>359</b>	838
Balances held with commercial banks	<b>9,604</b>	7,182	<b>8,934</b>	7,182
Cash in hand	<b>35</b>	20	<b>20</b>	20
Cash balance at end of year	<b>9,998</b>	8,040	<b>9,313</b>	8,040

**c. Analysis of changes in net debt**

	2021	Cashflow	<b>2022</b>
	£'000	£'000	£'000
Cash	8,040	1,958	<b>9,998</b>

**25. Related party transactions**

The National Gallery is a Non-Departmental Public Body whose sponsor department is the Department for Digital, Culture, Media and Sport (DCMS). DCMS is regarded as a related party. During the year, the National Gallery has had various material transactions with DCMS and with other entities for which DCMS is regarded as the parent department.

The Gallery considers the National Gallery Trust, the NGT Foundation and the American Friends of the National Gallery, London, Inc to be related parties because in each case one or more Trustees of the National Gallery also sit on the Board of the related party. All three entities are entirely separate charities with independent Boards, the majority of whose members are unconnected with the National Gallery. None of the related parties, or their subsidiary undertakings, are consolidated into the accounts of the National Gallery.

All balances with related parties are settled in cash.

The Charity SORP 2015 also requires disclosure of donations received from Trustees and other related parties. During the year £39,000 (2021: £2,000) was received from Trustees. There were no donations from Executive Directors in respect of general donations (2021: nil).

<b>Related party</b>	<b>Nature of relationship</b>	<b>Income</b>	<b>Expenditure</b>	<b>Outstanding</b>	<b>Nature of transaction</b>
				<b>balances</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	
American Friends of the National Gallery, London, Inc	Rosemary Leith and John Booth are Directors of the related party	5,395,399	–	25,900	Grant income and recharge for UK administrative work
Arts Council England	Entity sponsored by DCMS	6,633	–	5,648	Registrar service for Arts Council England Reviewing Committee and Dynamic R&D project
Barkshire Charitable Trust	John Booth, Trustee is a trustee of the related party	2,000	–	–	Donation towards the Gallery's 200th Anniversary campaign
British Museum	Entity sponsored by DCMS	–	8,510	(1,440)	Internal audit fees – shared service and advertising in the British Museum magazine

Related party	Nature of relationship	Income	Expenditure	Outstanding balances	Nature of transaction
		£	£	£	
Friends of the National Libraries	Charles Sebag-Montefiore, Trustee was until June 2021 a Trustee and Treasurer of the related party	12,500	52	–	Grant towards the purchase of the Richard Ford archive of books and papers
National Gallery Global Limited	Gabriele Finaldi and Paul Gray are Non-Executive Directors of the related party. James Lambert is Chair of the related party.	902,200	830,718	967,133	Income for use of commercial & office within the National Gallery, salary charges and recharges, venue hire costs and payment for publications
National Gallery Trust	Lord Hall of Birkenhead, was until May 2021 a Trustee of the related party. John Booth is a Trustee of the related party	6,060,452	–	5,656,779	Gift of shares in NGG, grant income and recharge of costs for administrative services provided
National Portrait Gallery	Entity sponsored by DCMS	299,977	–	130,404	Charge for use of space, associated utilities and party wall compensation
Society of Dilettanti Charitable Trust	Charles Sebag-Montefiore, Trustee was until June 2021 a Trustee and Treasurer of the related party	10,000	–	–	Grant towards the Red Boy picture purchase
Tate Gallery	Katrin Henkel, John Booth are Trustees of the related party Entity also sponsored by DCMS	1,807	10,672	–	Packaging and glazing costs for loaned painting and subscription costs
The NGT Foundation	David Marks and Katrin Henkel are Chair and Director of the related party	27,900	471,192	63,854	Recharge of costs for administrative services provided, costs of renting office space.
The Warburg Charitable Trust	Stuart Roden, Trustee, is a Director of the related party	34,031	–	–	Tuition fee for MA in Art History, Curatorship & Renaissance Culture course
The Wolfson Foundation	Family members of David Marks, Trustee are Chair and Trustees of the related party	1,000,000	–	1,000,000	Grant for refurbishment of Room 29
UK Research and Innovation	Sir John Kingman, Trustee, was Chair of the related party until July 2021	–	4,545	–	CapCo grant
Victoria & Albert Museum	Entity sponsored by DCMS	–	769	–	Preparation of paintings for hanging/display

## **26. Post Balance Sheet events**

On 4 April 2022, the Gallery's trading subsidiary, National Gallery Company Limited, changed its registered name to National Gallery Global Limited.

The financial statements were authorised for issue by the Accounting Officer and Trustees on the date shown on the audit certificate.



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