

A n n u a l R e p o r t 2 0 1 3
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S t a t e n s M u s e u m f o r K u n s t

Overview of tables, notes, and appendices	3
1. Signatures to the full financial statements	4
2. Report	5
2.1. Company presentation	5
2.2. Scope of activities	5
2.3. Results	6
2.3.1. Academic results for the year	6
2.3.2. Financial results for the year	6
2.4. Tasks and resources	8
2.4.1. Tasks and resources: Schematic outline	9
2.4.2. Tasks and resources: Further detail	9
2.5 Performance reporting	11
2.5.1. Performance reporting: Schematic outline	11
2.5.2. Performance reporting: Detailed analyses and assessments	12
2.5.2.1. Developing national and international partnerships	12
2.5.2.2. Making art/cultural heritage accessible and relatable	12
2.5.2.3. Preserving art/our cultural heritage	14
2.5.2.4. Research	15
2.6. Account of reservation	17
2.7. Administrated expenses	17
2.8. Projections for future years	18
3. Financial statements	19
3.1. Accounting policies	19
3.2. Income statement	19
3.3. Balance sheet	21
3.4. Statement of changes in equity	22
3.5. Liquidity scheme and loan facility	23
3.6. Follow-up on payroll cap	23
3.7. Appropriation accounts	23
4. Appendices to the Annual Report	25

Overview of tables, notes, and appendices

Report and target reporting

Table 1: Overall activity

Table 2: Key figures

Table 3: Key figures by product/task

Table 4: Key figures for main activities

Table 5: Target report

Financial statement tables

Table 6: Income statement

Table 7: Allocation of profit/loss

Table 8: Balance sheet

Table 9: Statement of changes in equity

Table 10: Utilisation of loan facility

Table 11: Follow-up on payroll cap

Table 12: Appropriation accounts

Mandatory notes

Note 1: Intangible assets

Note 2: Property, plant, and equipments

Note 3: Provisions

Mandatory appendices

Appendix 1: Overview of fee schemes

Appendix 2a: Grant-funded research activities (subsidiary account 95)

Appendix 2b: Other grant-funded activities (subsidiary account 97)

Appendix 3: Staff expenses by operation and grant

Appendix 4: Staff turnover

1. Signatures to the full financial statements

Scope of the Annual Report

The Annual Report pertains to the main accounts of the Appropriation Act for which *Statens Museum for Kunst 63310417* holds responsibility: 21.33.21. *Statens Museum for Kunst (driftbev.)*, including the financial statements and information to be supplied to the Audit of the State Accounts in connection with the 2013 appropriation audit.

Signatures

We, the undersigned, hereby affirm:

1. That the annual report is true and accurate, i.e. that the annual report does not contain significant errors or omissions and provides adequate information on performance targets and target reporting.
2. That the dispositions included in the financial statements are in accordance with relevant appropriations, acts, and other stipulations of the law and in accordance with agreements entered into and customary practice.
3. That procedures have been established to ensure financially viable administration and operation of the funds and institutions covered by the Annual Report.

Copenhagen, March 2014

Copenhagen, March 2014

Signature

Signature

Director (Acting) Kim Gundersen

Permanent Secretary Marie Hansen

2. Report

2.1. Company presentation

Statens Museum for Kunst (SMK) is the National Gallery of Denmark and Denmark's primary museum for the visual arts. The museum is a government institution under the Danish Ministry of Culture and is operated pursuant to the Danish Museum Act, cf. Act No. 1505 of 14 December 2006. The objective of the museum is to build and maintain collections of Danish and foreign art, primarily art from Western culture from the 14th century to the present. This task is accomplished through the collection, registration, and preservation of the museum collections, and through research and interpretation & learning initiatives pertaining thereto.

The Gallery has entered into a performance contract with the Danish Ministry of Culture for the period 2010-2013.

This annual report constitutes the financial statements pertaining to the Appropriation Act account 21.33.21 (operating appropriation).

Mission

Statens Museum for Kunst is Denmark's premier museum of art. The Gallery is tasked with presenting and researching Danish and foreign art, primarily art from Western culture dating from the 14th century onwards

With art taking centre stage, the SMK works to support and strengthen a creative and reflective society that values its history and cherishes difference.

Vision

Statens Museum for Kunst – a leading national gallery.

In order to stay relevant to society as such and to individual citizens, the SMK will carry out a range of initiatives that redefine the public image and expectations of the SMK and of museums as social agents in general.

2.2. Scope of activity

Table 1: Total activity

	DKK million	Appropriation	Financial statement
Drift	Expenses	92.5	133.8
	Income	13.3	131.5
Other administrated expenses and income	Expenses	0.0	0.0
	Income	0.0	0.0
Plant, property etc.	Expenses	0.0	0.0

	Income	0.0	0.0
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The financial accounts include subsidiary account 95 (Grant-funded research activities) to a value of DKK 8.7 million and subsidiary account 97 (Other grant-funded activities) to a value of DKK 30.6 million. The total budgeted figure was DKK 4.2 million.

2.3. Results in 2013

As is stated below, the SMK's academic results in 2013 are deemed satisfactory, encompassing significant results within the fields of research, interpretation & learning, and conservation.

The financial results are also regarded as satisfactory given that the profit/loss corresponds to the budgeted results.

Thus, the overall results for 2013 are deemed satisfactory.

2.3.1. Academic results in 2013

Within the purview of the museum's tasks and of the Framework Agreement/performance contract the SMK can demonstrate satisfactory results within the areas of interpretation & learning, conservation, and research. The major special exhibition of 2013, *Flowers and World Views*, was an example of how the museum's various tasks and objectives can be united and support each other. Four years of conservation efforts lay behind the presentation – particularly of the many fragile depictions on parchment; as did year-long research on the art historical position and significance of the flower motif. Finally, the exhibition incorporated interpretation & research initiatives that included digital efforts and which stimulated the creativity and imagination of children, young people, and adults alike. The targets for the museum's conservation efforts have been met, and the CATS Centre for Art Technological Studies and Conservation has been consolidated, partly through the firm establishment of collaborative efforts, and partly through the establishment of laboratories. Finally, the performance targets for the museum's research work have also been met, and concurrently with this the museum has built up its PhD setting.

In 2013 the museum has sought to communicate the unique interplay between the museum's various – and strong – professional disciplines and the special experiences they offer by launching brand campaigns. A long-term in-house development process preceded these brand campaigns, leading to the formulation of the following brand essence for the SMK: *Art provides perspective*.

The brand development work and the preparations of the new museum garden are activities that have been both highly demanding and highly visible; the museum hopes that they will prove to be good investments in the years to come. One of the important

platforms for communicating the museum brand is the *SMK Fridays* events: a monthly event that infuses cultural content into the beginning of the weekend. These Friday night events are growing into great successes, doubling the weekly number of visitors by attracting approximately 5,000 guests every time. The targets set for the total number of visitors attracted has also been met: the SMK attracted more than 350,000 visitors in 2013.

As is evident from Section 2.5.1. the SMK is deemed to have fully met all its targets, meaning that the professional/academic results achieved at the museum in 2013 are deemed satisfactory.

2.3.2. Financial results for 2013

The SMK continued along the road laid down in the financial recovery plan from 2010, which aims at ensuring a strong correlation between the museum's ambitions and activity levels on the one hand and the overall financial framework on the other. In 2013 this meant that the SMK only presented one major special exhibition where an admission fee is charged; usually two such exhibitions are staged each year. Even though the SMK left 2013 with an overspend of DKK 2.3 million compared to the appropriation recognised as income, the result is nevertheless deemed satisfactory because this extra expenditure was incorporated into the budget for 2013. The deferred profits from previous years is depreciated, bringing the museum's total savings down to DKK 0.7 million at the end of 2013.

The table below lists the key economic figures and indicators for the museum.

Table 2: Key figures

<i>DKK million, current prices</i>	2011	2012	2013
<u>Income statements</u>			
Ordinary operating income	-121.2	-135.8	-127.4
- Of which appropriation recognised as income	-79.2	-81.6	-79.6
- Of which other income	-42.0	-54.2	-47.8
Ordinary operating expenses	122.6	140.5	132.8
- Of which staff costs (wages and salaries, etc.)	49.5	50.5	50.8
- Of which depreciation	3.8	4.5	3.1
- Of which other costs	69.3	84.4	78.1
Profit/loss on ordinary activities	1.4	4.6	5.3
Profit/loss before financials	-1.1	-0.9	1.3
Net profit/loss for the year	-0.6	0.0	2.3
<u>Balance</u>			
Non-current assets	17.2	17.7	20.8
Current assets	23.0	22.6	15.1
Equity	4.5	4.5	2.2
Long-term debt	15.0	16.9	17.9
Short-term debt	19.7	18.2	15.3
Loan facility	29.3	29.3	29.3
Loan facility utilisation	15.0	16.1	19.2
<u>Financial key figures</u>			

Loan facility utilisation rate	51.2%	55.1%	65.7%
Negative fluctuation rate	190.4%	193.1%	43.7%
Profit rate	0.5%	0.0%	-1.8%
Appropriation rate	65.3%	60.1%	62.5%
Staff			
Man-year equivalents	112.0	115.1	116.9
Cost per man-year equivalent	0.4	0.4	0.4
Wage ratio	40.9%	37.2%	39.8%
Payroll cap	52.9	52.9	47.3
Consumption of wages	41.0	41.9	43.2

*consumption of wages within payroll cap

As Table 2 demonstrates, the museum experienced a drop in operating income of DKK 8.4 million compared to 2012. The overall drop in the total operating income is primarily due to a DKK 5.2 million drop in income generated by entrance fees. The reason for this is that the museum only staged one major special exhibition in 2013, *Flowers and World Views*. The exhibition did not attract as many visitors as expected, generating DKK 2.0 million less income than budgeted. Another reason for the dwindling number of visitors was the difficulties in accessing the museum caused by the work done on building a new staircase and museum garden.

What is more, the operating appropriation has been cut by DKK 2.0 million (including reserved appropriation); these two items alone account for DKK 7.2 million.

The operating expenses have been reduced to an extent roughly corresponding to the drop in income: as demonstrated in table 2 they fell by DKK 7.7 million. This is primarily due to the fact that fewer activities were carried out at the museum, but also the result of additional focus on expense management during the last half of 2014 when it became clear that the entrance fee income would not meet the budgeted level.

The rise in the wage ratio compared to 2012 brings it back to its usual level. The reason is that 2013 did not see any unusually large art acquisitions, which would of course generate greater operating expenses without generating added expenditure on wages. The same explanation applies to the rise in the appropriation rate.

The overall financial conditions have meant that the level of activity at the SMK was lower in 2013 compared to before. This should, however, be seen in light of the fact that the years 2011 and 2012 were characterised by very great activity; in particular, the work on the new displays of the museum's collections took up a great many resources in 2011 and 2012. What is more, the museum presented no less than two truly major international exhibitions in 2012, featuring Hammershøi and Matisse, respectively. All of this has required considerable resources, which means that the SMK has not been able to keep up quite the same level of activity as far as the exhibitions are concerned

2.4. Tasks and resources

The museum's core areas of responsibility are art research and collection as well as the registration, preservation, and presentation of the SMK collections. Table 3 below shows how resources are allocated to the SMK's main areas.

The appropriation recognised as income corresponds to the net cost appropriation of DKK 79.3 million plus additional appropriations allocated over the course of 2013 to a total amount of DKK 0.3 million. In addition to this the museum has spent DKK 2.3 million of its retain earnings. As the table indicates, considerable discrepancies exist between the Appropriation Act allocation of funds to the activities "research" and "conservation of cultural heritage" and the actual expenditure on these two main activities. The main reason for these discrepancies is that the costs for research have risen considerably due to the establishment of the research centre CATS and the extra PhD students added. This is, however, offset by other income in the form of external funding/grants.

2.4.1. Tasks and resources: A schematic overview

Table 3: Key figures by product/tasks

DKK million, current prices	<i>Appropriation recognised as income*</i>	<i>Other income</i>	<i>Expenses</i>	<i>Share in profit/loss for 2013</i>
General management and administration	-36.7	-20.8	62.9	45%
Making art/cultural heritage available to the public / interpretation & learning	-25.2	-19.5	44.1	33%
Preserving art/cultural heritage	-13.6	-1.6	9.6	9%
Research	-4.1	-9.9	17.2	12%
Total	-79.6	-51.9	133.8	100%

*Estimated shares

2.4.2. Tasks and resources: Additional detail

Table 4: Key figures for main activities

	2011	2012	Projected activity in 2013	2013
Number of visitors	347,582	429,692	350,000	355,835
- of which paying visitors	71,890	145,627	50,000	44,780

- of which visitors admitted for free	275,692	284,065	290,000	311,055
Works/objects acquired	87	198	20-40	96
Works/objects recorded electronically ¹	47,760	52,877	54,077	56,387
Conserved/restored works/objects	173	776	165	185
Ongoing research projects	55	55	15-20	60
Completed research projects	21	22	10	38
Opening hours, total	2,340	2,354	2,132	2,337
Skoletjeneste/Education centre, number of school classes served	1,366	1,782	1,000	1,720
Number of visiting children/young adults under 18 (not including Skoletjeneste/Education Centre visitors) ²	0	0	0	0
Number of special exhibitions (opening in 2013)	7	4	6	3
- of which special exhibitions targeted at children/young adults	2	1	1	1
Number of teaching/learning activities offered	49	50	10	50
- of which new activities	10	12	2	8
Number of special events ³	63	87	30	106
- of which events aimed at children/ young adults	20	18	8	37
- of which events aimed at the business community	16	13	10	13
Number of exhibitions/activities where particular attention is given to disabled users	0	0	2	0
Number of visitors to the museum website	495,721	680,244	1,000,000	614,511

1) The statement shows the total number of registrations of individual components and corresponds to the registration of 34.405 individual works.

2) The number of visitors under 18 cannot be calculated; only the number of tickets issued for special exhibitions is recorded. Visitors to the museum's collections are not recorded separately, but included in the overall number of visitors.

3) In connection with the signing of the Framework Agreement/performance contract, the museum decided to also record special events that reach beyond the museum's core exhibition activities. From 2010 the museum will also include stage events, events in the Østre Anlæg park outside the museum, and private functions for enterprises, organizations, etc.

The vast majority of the key figures set down in the Framework Agreement/performance contract for 2013 have been reached. The following points should be noted:

Having attracted more than 350,000 visitors, the SMK has reached its target for 2013, but even so the museum attracted fewer paying visitors than were expected in 2013. The reason for this is that the museum only staged one special exhibition this year, and this exhibition did not have the same widespread appeal as the Hammershøi and Matisse exhibitions in 2012. However, it is very satisfying to see a continued increase in the number of visitors to the permanent collections, the new display of which was completed in 2012.

In 2013 the museum was able to acquire 96 works of art, a satisfactory number and considerably higher than expected. The drop compared to 2012 is due to the fact that in 2012 the museum received an extraordinarily large donation comprising 99 works.

In 2013 conservation was completed on 185 works of art, a return to the usual level of conservation work prior to 2012. In 2012 the preparation of works for the large-

scale flower-themed exhibition caused an extraordinary peak in the number of works conserved.

The total number of opening hours varies slightly from one year to the next, primarily due to extended/irregular extra opening hours in connection with special events. The key target continued to be exceeded in 2013.

The services provided by the Skoletjenesten/Education Centre also greatly exceed the targets set; the minor drop compared to 2012 levels should be seen in the light of the teacher lockout that affected all teachers in Denmark in the spring of 2013.

The number of special exhibitions staged in 2013 was lower than in previous years, which is primarily due to the limited financial resources available to the museum. No exhibitions/activities with particular attention to disabled users were staged, but it should be noted that the museum's new main entrance will provide even better access for disabled users.

The number of visitors to the museum website is somewhat lower than in 2012. This is partly due to the fact that visits to the website are often linked to physical visits to the museum's special exhibitions – visitors use the website to prepare for their visit – and the museum's 2013 exhibition attracted fewer visitors than in 2012. However, the fact that the number of visitors is significantly larger than in 2011 demonstrates that now, many also use the smk.dk website to access our free downloads and see our highlights – the online content is gradually reaching the point where online visits need not be prompted by a visit to the museum's physical setting.

2.5. Target reporting

2.5.1. Target reporting: Schematic outline

Table 5:

Table 5: Target report, 2013		
Task/main objective	Target	Result in 2013
Miscellaneous/interdepartmental	Developing national and international partnerships in order to strengthen core museum competences	Target met
Task/main objective	Target	Result in 2013
Making art/our cultural heritage accessible and relatable (interpretation & learning)	Being relevant to all age groups	Target met
	Retaining and emphasising the SMK's status as a laboratory for exhibition design	Target met
	Further developing interpretation & learning efforts on digital platforms	Target met
Task/main objective	Target	Result in 2013
Preserving art/our cultural heritage	Retaining the activity and quality levels within conservation for all areas of the SMK collections	Target met
	Retaining the scope and quality of records/registrations and co-ordination of revisions	Target met
Task/main objective	Target	Result in 2013
Research	Retaining the scope and quality of the museum's research	Target met
	Furthering the SMK's collaboration with other art museums in Denmark and abroad; making research facilities available to benefit smaller institutions and research scenes.	Target met

As is shown in Table 5, all 8 targets were fully met, meaning that the full set of targets have been met.

2.5.2. Target reporting: Detailed analyses and assessments

2.5.2.1. Developing national and international partnerships

The development of partnerships within the areas of research, conservation, and interpretation & learning continued in 2013 and is described in greater detail below in the relevant sections. The target is held to be fully met. Of special note are the SMK's position within international development work on a museum database, CollectionSpace, which was launched for use in August of 2013, and as regards the work on conservation documentation software entitled ConservationSpace, both of which are based on international museum standards and open source technology. This has resulted in a unique collection database developed by museum professionals, and in 2013 the software was fully implemented at the SMK, making the SMK the first art museum in the world to reach this goal. The lessons learnt from this endeavour, which is mainly funded by The Andrew W. Mellon Foundation, will be incorporated into the work done on developing a new national museum database.

2.5.2.2. Making cultural heritage accessible and relatable

One of the SMK's objectives is to be relevant to all age groups. The museum's new displays of the permanent collections incorporate chronological guided tours and initiatives for a wide range of users, offering plenty of scope for variety and active participation. Each in their own ways, these initiatives offer a point of entry into the museum collections for users of any age. The permanent collections are becoming increasingly used; in 2013 they attracted 311,055 visitors, a larger number than expected.

Differentiation and active involvement were integrated aspects of the interpretation & learning activities for the special exhibition *Flowers and World Views*: here, a drawing studio was incorporated into the users' route through the exhibition, giving active participation and reflection a prominent position within the exhibition. This ensured that the various aspects of the exhibition appealed to various age groups. The ambition was to prompt children, young people, and adults to engage in creative work in the drawing studio, and we find that the initiative was successful in this regard. Overall, it was also found that the exhibition mainly appealed to an older female demographic. With these initiatives and a strong focus on children and young people in our interpretation & learning initiatives for schools and in connection with the collections and special exhibitions, the target of being relevant for all ages is met.

One of the targets set is to retain and raise awareness of the SMK's position as a laboratory for exhibition design. In the displays of the permanent collections the museum has set up interventions or zones realised in collaboration with the artists' duo J & K with a view to pointing out how established art history is also a construct. The idea behind these interventions is to demonstrate that new interpretations always offer

surprises. The displays the collections are never static, and the changes regularly made to the exhibitions explore and examine exhibition design and planning. An explorative and actively engaging approach was also of key importance when planning the exhibition *Freedom!*, which is specifically aimed at children and young people. Taking Kierkegaard as its point of departure, the exhibition invites all visitors to enter into a relevant dialogue and exploration about the concept of freedom. Back when work on the exhibition began, more than 100 children contributed their drawings and input on what freedom is to them, and that became the starting point for arranging an exhibition featuring works from the museum collections. A paper fortune teller of the kind familiar from school playgrounds everywhere invites users to explore the rest of the museum in an ongoing dialogue, and a recent user survey about our new displays of the permanent collections show that very many visitors point to that fortune teller as a fun and useful introduction to experiencing art at the museum and to addressing a subject that may otherwise be difficult to discuss. The exhibition has attracted a great deal of attention, and the various devices used in the exhibition – swings, sounds, and surprises – have proved to have the intended effect. For the first time ever an exhibition has been reviewed in media in accordance with the same criteria applying to the museum's other exhibitions – and the reviews were very favourable, too. For this reason we hold that in 2013 the SMK has succeeded in retaining and raising awareness of its position as a laboratory of exhibition design.

Another target for the SMK is to develop its digital presentation and interpretation & learning activities. In 2013 this has involved activities under the auspices of the ULK Art Labs, who won the People's Choice award for the best Metro fence art in 2013. The ULK Art Pilots received the award for their work on the Metro fences by the Marble Church and Solbjerg Plads in Copenhagen. The artwork created for the Marble Church fences consists of a massive photo collage created by sampling and remixing photos of artworks that have been made available as free downloads from the SMK. The work was done in collaboration with the local residents. This project – which involves active participation and creativity in a context that engages people while also calling attention to our art heritage, actively using them in a public, social space – is a successful example of the opportunities offered by digital presentations of art. Thus, the target of further developing the museum's digital interpretation & learning activities is held to have been met.

In 2013 the communication work at the SMK was governed by an all-encompassing ambition: to implement the museum's new brand strategy, establishing the SMK as an "attractive brand" – and to raise the museum's profile in the general public. Several signs suggest that the museum has achieved significant results in this regard in 2013; including a growing and remarkably active following on social media, a notable increase in the number of digital searches for the museum's moniker "SMK", extensive media and social media attention about the launch of the SMK Fridays Events – which

have attracted more than 10,000 visitors to just tree events in 2013. At the once-monthly SMK Fridays event the museum extends its opening hours to 10 p.m. and offers up a programme of events rich in art, learning, relevance, and insight. Through lectures, brief tours, discussions, music, and films the museum's exhibitions, art, and activities are brought into play. These events demonstrate that Friday nights can certainly be filled with interesting cultural contents, and that a museum visit can be informal and relaxed. The SMK has also received record-breaking exposure in Danish media and have enjoyed particular success with using the museum's employees as experts and spokespersons (or as "insightful friends", to use the branding process term). At the end of 2013, all indicators give the museum the strong impression that their branding work has been successful, and that the story about the modern SMK has gathered momentum.

Finally, it should be noted that on 22 to 24 April 2013 the SMK hosted a major international ICOM conference: *The Inclusive Museum*. Through talks, presentations, panels, and workshops featuring some of the world's leading practitioners and theorists within inclusion processes, the conference raised these questions: How may museums contribute to a reflective society that embraces difference? How can cultural institutions promote inclusion and citizenship for users and within the institutions' self-image? The conference made clear that inclusion must be practiced rather than preached, and provided constructive perspectives on the SMK's own branding process.

2.5.2.3. Preserving art/our cultural heritage

The work on preserving and safeguarding the rich and varied segment of our shared cultural heritage found in the museum collections – as described in the target about Retaining the activity and quality levels within conservation for all areas of the SMK collections – has continued according to plan in 2013, resulting in the completed conservation of 185 works. In 2013, the main focus of the conservation work done concerned the works to be used for the exhibition *Asger Jorn – Restless Rebel*, which opened in February 2014. Furthermore, the SMK is getting increasingly involved in Danish and international partnerships and collaborative schemes aimed at developing new insights and tools to support conservation of our cultural heritage. Thus, the target on retaining the activity and quality levels within conservation is deemed to have been met.

As one example of major international partnerships the museum is strongly featured in the development of *ConservationSpace* – an initiative headed by the National Gallery, Washington, the objective of which is to create an entirely new platform for record-keeping and documentation within the conservation area. The SMK's strong international profile within the field of conservation is also supported by a range of national and international partnerships with conservation workshops and laboratories. These partnerships include specific collaborative projects and regular exchanges of knowledge, information, and expert opinions.

CATS, a research centre for technology studies and conservation co-funded by the Villum Foundation and the Velux Foundation, has consolidated itself as a research centre in 2013 and procured a number of sophisticated scientific apparatus for the SMK. This equipment supports the conservation work and art historical research conducted at the museum, giving it an additional basis in science; it also serves to further critical mass within the field in Denmark. This has resulted in the creation of formal interdisciplinary collaborative research involving other institutions in Denmark and abroad, including a number of departments at the University of Copenhagen, Oslo Universitet, Helsinki Metropolia University of Applied Sciences, and the Nationalmuseum in Stockholm.

The SMK and CATS project *Plastic Research and Innovation for Museums and Industry* (PRIMI), funded by the Centre for Culture and Experience Economy (CKO), was completed in 2012, and in 2013 the project presented a publication comprising a range of articles by participating researchers, conservators, artists, and representatives from the plastics industry. The research project strove, among other things, to find better ways of conserving works of art made from plastic. In addition to participants from the SMK, the PRIMI project also included participants from the National Museum of Denmark, the Technical University of Denmark – DTU, The PVC Information Council, Plastics Europe, Papyro-Tex, and a number of leading Danish artists and designers, and one of its ambitions was to rethink and process plastics in a radically different, more sustainable way.

December of 2013 saw the publication of *European Paintings 15th-18th Century – Copying, Replicating & Emulating Paintings* (ed. E. Hermens, Glasgow University), the first in a series of *CATS Proceedings*, a series of peer-reviewed online articles based in the international CATS conference *Copying, Replicating & Emulating Paintings in the 15th-18th Century* held at the SMK in May of 2012.

The year 2013 saw several extensions of the already extensive collaborative conservation research schemes involving other Danish institutions. For example, CATS has successfully – via new PhD project entitled *Artists' Practice in Denmark in the 17th century. Materials, techniques and trade* – consolidated its co-operation with the University of Amsterdam and the School of Conservation. This was also the setting for a PhD defence that attracted attention in Danish and international media in 2013: *Mechanical properties and structural response to fluctuating relative humidity, exemplified by the collection of Danish Golden Age paintings at Statens Museum for Kunst (SMK)*; the project accentuated the importance of in-depth understanding of the mutual long-term interaction between original materials and conservation techniques.

The SMK has also fully discharged its annual responsibilities regarding conservation for the Ordrupgaard and Hirschsprung Collections, and certain external museums have drawn on our expertise while treating their works.

The museum also has the target of retaining the scope and quality of registration/record-keeping and co-ordination of revision efforts. Entries have been made for 3,510 individual works; the target for 2013 was 1,200. In 2013 the revision efforts have encompassed a total of 375 works subjected to supervised registration. This number is smaller than usual because the supervision concerned works on loan at ministries, etc., and this is far more time-consuming than supervision carried out in storage facilities and at the museum offices. The target is deemed to have been fully met.

2.5.2.4. Research

The SMK's point of departure is that none of the museum's core tasks can be resolved without research and development work; such work may well be carried out in co-operation with external research partners. One of the key ambitions concern raising the general profile and visibility of the research results, thereby given the huge efforts put into understanding, interpreting, conserving, and present art becomes relevant and has an impact on individuals and on the community as such. The year 2013 has been characterised by overall strategic deliberations on the role played by research at the SMK and on the museum's possibilities for contributing to research overall, but at the same time research activity has remained at the same high levels as in previous years. In fact we see a small increase in the number of projects in progress. The individual reports submitted by the museum's researchers demonstrate that the number of concluded (38) and ongoing (60) research projects has risen over the course of recent years. The launch of CATS in 2012 has obviously contributed to increasing the scope and extent of art technological research, and several projects have already been concluded. The introduction of more PhD students is also evident in the greater volume of research conducted. The museum's researchers have published their work in a range of peer-reviewed anthologies and journals, both international and Danish; a fact which may also be seen as an expression of the greater volume and excellent quality of the research being conducted. Thus, the target about retaining the scope and quality of the museum's research has been met.

The major special exhibition *Flowers and World Views* was the result of a research project that has spanned several years and several different professional disciplines. For more than five years, conservators and art historians – assisted by botanists – have worked on restoring the museum's 17th century florilegium *Gottorfer Codex* as well as on identifying the many flowers and plants and on providing a context and interpretation of this magnum opus. Concurrently with this work the museum has also focused on the collection's flower paintings from the same period; many of them have

been restored, and like the *Codex* itself these paintings have also been analysed and interpreted in the light of 17th century thinking and science.

In its capacity as Denmark's premier museum of art the SMK wishes to further its collaboration with other art museums in Denmark and abroad, making research facilities available for the benefit of other, smaller institutions and research settings.

The SMK still nurtures an ambition to develop an art history research centre focusing on Danish art and international art in Denmark; a centre which will be able to offer Danish and international researchers short-term or long-term residencies with the SMK. In 2012 the museum completed a rebuild of the library area, setting up four research offices capable of seating 10-12 people. One of these offices is currently used by two PhD scholars, while the SMK has placed the other three offices at the disposal of staff from the Hirschsprung Collection while their museum is undergoing restoration. The further development of the centre depends on when the Hirschsprung Collection's staff are able to return to their premises has been resolved. In 2013 Denmark's Kunstbibliotek has worked on establishing the museum's reference library, and the process of re-establishing the non-circulating library – a crucial service for the centre and the museum staff – has made good progress.

The level of research conducted within the field of interpretation & learning practices at Danish museums does not yet provide a full, evidence-based and theoretically reflected image of the museums' real potentials. There is a need for a research environment for reflections on interpretation & learning; reflections that cut across conventional professional departments at the museum. Danish museums are calling out for substantial, research-based, structural support for "good practice". In 2013 Trapholt and the SMK have, in co-operation with the Medical Museion and The Royal Danish Library, set up a research centre for interpretation & learning with a view to taking the first steps towards establishing a vibrant and sustainable interpretation & learning community at Danish museums, carrying out research at a high level. The scheme is entitled *Bæredygtighedens Prisme* (Prism of Sustainability)

For many years the museum's peer-reviewed research journal *SMK Art Journal* has been an important publication medium for the museum's researchers. Featured on the relevant lists of authorities, it has helped ensure quality in the research conducted. In 2013 the museum decided – based on the recent focus on upgrading Danish museum research, e.g. via stricter demands on the formal education of researchers and peer review – to transform the *SMK Art Journal* from being an institution-specific initiative to become a publishing channel for all Danish art museums. In 2014 the SMK will launch the journal as a digital peer-reviewed offering for Danish museum researchers and other researchers interested in subjects that are relevant to Danish art museums.

Based on the initiatives and activities listed in the above, the SMK believes that it has met the target of increasing collaboration with other Danish and international art museums and of making research facilities available to smaller institutions and research settings.

In an international perspective, the SMK has established co-operation with the Hamburger Kunsthalle and the National Gallery in Edinburgh about an upcoming retrospective of the work of C.W. Eckersberg, thereby introducing an outside perspective on the research. The SMK has entered into an agreement with the Landesmuseum Schloss Gottorf, arranging for the exhibition *Flowers and World Views* to be transferred to Schleswig and expanded to present new information about the castle gardens and the SMK's *Gottorfer Codex*. The museum is also co-operating with CAFA Art Museum (CAFAM) in Beijing about an SMK-produced exhibition presenting the work of Bjørn Nørgaard, and has entered into an agreement with Musée Rodin in Paris to arrange an exhibition of Rodin drawings at the SMK in 2016.

2.6. Reservation/reserve funds

The SMK did not set aside reserve funds from the 2012 appropriation, which means that it has not had any reserve funds on which to draw in 2013

2.7. Administrated expenses and income

The museum has no administrated expenses

2.8. Expectations of the years to come

Thanks to generous support from the Annie and Otto Johs. Detlefs' Fonde the SMK will be able to welcome visitors with a new staircase and entrance area. The new museum garden, sponsored by the same foundations, will be in place during the summer.

The new staircase and garden are both physical manifestations of the museum's ambitions to open up the museum, making its artworks and knowledge easily accessible and presenting the museum as a social, welcoming space. *Art provides perspective* is the museum's underlying brand concept, as represented by these values: Generous, curious, professional, and interactive.

To further support this process the museum wishes to carry out more physical changes at the SMK. These will help align the overall experience of (and at) the museum more to the museum brand. More specifically, the museum wishes to rethink the lobby interior so that the museum brand and visitors' first encounter with art creates a total experience that ensures a proper flow and a professional reception of the museum's users.

In 2014 the large-scale exhibitions *Asger Jorn – Restless Rebel* and *Biography* featuring Elmgreen & Dragset will be realised, allowing the SMK to fully unfold the work of a famous artist – including the lesser-known aspects of his oeuvre – and to also make an internationally acclaimed artists' duo known to a wider audience in Denmark. Finally, the *Parkmuseerne* scheme (establishing a museum district in and around the three Copenhagen parks Østre Anlæg, Kongens Have, and the Botanical Garden) will take an additional step in their collaboration by introducing a shared ticket.

In response to the constraints of the current operating finances, the SMK has employed a dual strategy in recent years: Tight management of expenses, and a strong focus on increasing the museum's income, the scope of its income-generating activities, and on attracting external funding and grants. The SMK has successfully met the requirements for budgetary discipline, and with Karsten Ohrt as director the museum has also, since 2007, been successful in its intensive work to secure funding and grants. Karsten Ohrt left the position as director of the SMK at the end of 2013 in order to take up his new position as chairman of the Board of Directors of the Ny Carlsberg Foundation, but it is expected that the SMK will, under new directorship, continue to be able to profile itself as an attractive partner, thereby successfully attracting substantial external funding.

Based on several years of branding and strategy work, the SMK has entered into a new Framework Agreement/performance contract with the Danish Ministry of Culture, covering the period 2014-2017. This creates a starting point for a new director's thoughts and visions for redefining the role played by the museum in the 21st century, including the special role associated with being the nation's premier museum of art. It is expected that the new director will be able to take over the chair around 1 May.

3. Financial statements

3.1. Accounting policies

The accounting policies applied are based on the accounting regulations and principles laid down by the Danish Agency for the Modernisation of Public Administration for expense accounting and appropriations. The annual report for 2013 has been prepared in accordance with the accounting principles laid down by the Danish Agency for the Modernisation of Public Administration. The principles applied correspond to those used for the 2012 Annual Report,

The SMK's buildings in Sølvgade and Toldbodgade are not included in the financial statements; they are national property, which means that they do not fall within the scope of the cost-based financial statements.

3.2. Income statement

Table 6: Income statement

DKK million, current prices	<i>Financial statements</i> 2012	<i>Financial statements</i> 2013	<i>Budget</i> 2014
note:			
Ordinary operating income			
<i>Appropriation recognised as income</i>			
Appropriation	-79.4	-79.6	-82.1
Amount spent of appropriations reserved from preceding years	-2.2	0.0	0.0
Amount reserved of current year's appropriations	0.0	0.0	0.0
Total appropriations recognised as income	-81.6	-79.6	-82.1
Sale of goods and services	-16.3	-11.6	-14.1
Allocated funds for own operation	-37.0	-35.3	-21.7
Fees	-0.9	-0.9	-1.0
Total ordinary operating income	-135.8	-127.4	-118.9
Ordinary operating expenses			
Change in inventories	0.0	0.0	0.0
<i>Consumption expenses</i>			
Rent	1.0	0.9	1.1
Total consumption expenses	1.0	0.9	1.1
<i>Staff expenses</i>			
Wages and salaries	46.5	47.1	46.0
Other staff costs	0.2	-0.2	0.0
Pension	6.8	7.2	6.5
Reimbursement of wages and salaries	-3.0	-3.3	-1.5
Total staff expenses	50.5	50.8	51.0
Depreciation, amortisation, and impairment losses	4.5	3.1	4.5
Other ordinary operating expenses	84.4	78.1	62.6
Total ordinary operating expenses	140.5	132.8	119.2

Profit/loss on ordinary activities	4.6	5.3	0.3
Other operating items			
Other operating income	-5.5	-4.1	0.0
Other operating expenses	0.0	0.0	0.0
Profit/loss before financials	-0.9	1.3	0.3
Financials			
Financial income	0.0	0.0	0.0
Financial expenses	0.9	1.0	0.0
Profit/loss before extraordinary items	0.0	2.3	0.3
Extraordinary items			
Extraordinary income	0.0	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0
Net profit/loss for the year	0.0	2.3	0.3

Table 7: Allocation of profit/loss

DKK million, current prices	<i>Financial statements</i> 2012	<i>Financial statements</i> 2013	<i>Budget</i> 2014
note:			
Allocated for lapse	0.0	0.0	0.0
Allocated to reserved equity	0.0	0.0	0.0
Allocated dividend to the Treasury	0.0	0.0	0.0
Allocated to retained profits	0.6	-2.3	-0.3

As is demonstrated in Table 6, the museum left 2013 with a budgeted DKK 2.3 million overspend compared to the appropriation. The income comprises allocations for own operation to the amount of DKK 35.3 million and operating income to the amount of DKK 11.6 million as well as other income to the amount of DKK 0.9 million. The total operating income saw a drop of DKK 6.4 million in 2013.

The drop in income is primarily caused by a reduction in the revenue generated by admission fees and fewer grants for art acquisitions and special exhibitions – the SMK only staged a single special exhibition in 2013. However, the reduction in grants for art acquisitions and exhibitions has been offset by grants for the renovation of the museum entrance and staircase in 2013; the work will be completed in 2014.

As far as the expenses are concerned, staff expenses remain largely unchanged whereas the other ordinary operating expenses have decreased by DKK 6.3 million; a fact caused by a general reduction in activity levels; for example, 2013 saw fewer and less costly exhibitions than 2012.

Table 7 shows that a minor draft on the retained profits will also be necessary in 2014. This will cover the cost of activities that have not attracted the level of external funding

originally envisaged. The SMK has gotten permission to spend DKK 0.3 million of its retained profits in 2014.

The economic starting point for 2014 is serious. As the budget shows, the SMK expects to make a minor draw on its retained profits. The main reason for this is that one of the two special exhibitions planned for 2014 has not yet attracted the level of external funding originally envisioned.

The SMK must continue to focus on expenditure and income in order to ensure that the SMK continues to achieve results that will help ensure stable operation.

3.3. Balance sheet

Table 8: Balance sheet

Assets	<i>Beginning of</i>	<i>End of</i>	Equity and liabilities	<i>Beginning of</i>	<i>End of</i>
note:	2013	2013	note:	2013	2013
<u>Non-current assets:</u>			<u>Equity</u>		
1 <i>Intangible assets</i>			Regulated equity (start-up capital)	1.5	1.5
Completed development projects	0.0	0.0	Revaluations	0.0	0.0
Acquired concessions, patents, licenses, etc.	0.0	0.0	Reserved equity	0.0	0.0
Development projects in progress	0.0	0.0	Lapse of net profits/loss	0.0	0.0
Total intangible assets	0.1	0.0	Dividends to the Treasury	0.0	0.0
2 <i>Property, plant, and equipment</i>			Retained earnings	3.0	0.7
Land, areas, and buildings	0.0	0.0	Total equity	4.5	3.3
Infrastructure	0.0	0.0	3 Provisions	0.7	0.4
Transport vehicles	0.0	0.0	<i>Long-term debt</i>		
Plant and machinery	13.2	12.8	FF4 Long-term debt	16.9	17.9
Furnishings and IT equipment	1.7	2.6	Donations	0.0	0.0
Own works in progress	1.2	4.3	Mortgage debt	0.0	0.0
Total property, plant, and equipment	16.1	19.2	Other long-term debt	0.0	0.0
State guarantee	1.5	1.5	Total long-term debt	16.9	17.9
Other financial assets	0.0	0.0	<i>Short-term debt</i>		
Total financial assets	1.5	1.5	Suppliers of goods and services	6.2	5.6
Total non-current assets	17.2	17.7	Other short-term debt	4.9	2.6
<u>Current assets:</u>			Holiday pay payable	7.0	7.2
Inventories	0.0	0.0	Reserved appropriation	0.0	0.0
Receivables	4.8	18.5	Contract work in progress		
Securities	0.0	0.0		0.0	0.0
<i>Cash at bank and in hand</i>			Deferred income	0.0	0.0
FF5 Non-interest-bearing account	6.1	14.0	Total short-term debt	18.2	15.3
FF7 Financing account	11.6	-17.4	Total debt	35.0	33.3
Other cash and cash equivalents	0.1	0.0	Total equity and liabilities	40.3	35.9
Total cash at bank and in hand	18.8	-3.4			
Total current assets	22.6	15.1			
Total assets	40.3	35.9			

The museum's overall plan for economic recovery involves careful prioritisation of the various potential investments in property, plant, and equipment. In 2013 the SMK replaced and improved its climate control system, and in this context the museum chose to invest in environmentally sound solutions.

This means that in 2013 the value of development projects rose by DKK 3.1 million, corresponding to the total increase in property, plant, and equipment.

Receivables are up from 4.8 million to 18.5 million. The main reason for this is the development regarding deferred items, which are up by 10.5 million due to deferred receivable assets associated with the appropriation accounts. There is also an increase in debtors; primarily because invoicing was carried out too late to be offset within the current year.

The changes seen in the FF5 Non-interest-bearing account are due to changes in deferred obligations, current assets, and debts from 2011 to 2012 which were registered at the beginning of 2013.

The rise in receivables and the rise in the FF5 account are the main reasons behind the drop seen in FF7 Financing account.

The increase in long-term debt is caused by the ongoing work on energy and ventilation system projects launched in 2013.

Short-term debt is down by DKK 2.9 million. This drop should be seen in light of the fact that the museum's employees received their wages and salaries at the correct time, whereas in 2012 their wages and salaries for December were not paid out until the beginning of January 2013. The delay was caused by an error in a file transfer from the Danish Agency for the Modernisation of Public Administration to Danske Bank.

3.4. Statement of changes in equity

Table 9: Statement of changes in equity

DKK million, current prices note:	2012	2013
Equity, beginning of accounting year	4.5	4.5
Start-up capital, beginning of year	1.5	1.5
+ change in start-up capital	0.0	0.0
Start-up capital, end of year	1.5	1.5
Revaluations, beginning of year	0.0	0.0
+changes in revaluations	0.0	0.0
Revaluations, end of year	0.0	0.0
Reserved equity, beginning of year	0.0	0.0
+change in reserved equity	0.0	0.0

Reserved equity, end of year	0.0	0.0
Retained profit, beginning of year	2.9	3.0
+Adjustment, beginning of year/movement between bookkeeping accounts	0.0	0.0
+Adjustment of carry forward	0.0	0.0
+Retained earnings for the year	0.0	-2.3
- Lapse of profit/loss for the year	0.0	0.0
- Dividend to the Treasury	0.0	0.0
Retained earnings, end of year	3.0	0.7
Equity, end of accounting year	4.5	2.2

In 2013 the museum's expenditure exceeded the appropriation by DKK 2.3 million. Given that the retained earnings as of 1 January 2013 came to DKK 3.0 million, and if we add the results of 2013, which comes to a department-sanctioned extra expenditure of DKK 2.3 million, the accumulated retained earnings at the end of 2013 can be calculated at DKK 0.7 million. The equity comes to a total of DKK 2.2 million and comprises the start-up capital of DKK 1.5 million and the retained earnings of DKK 0.7 million.

3.5. Liquidity scheme and loan facility

Table 10: Utilisation of loan facility

DKK million, current prices	2013
Sum of intangible and material assets (excepting donations) as of 31 December 2013	19.2
Loan facility as of 31 December 2013	29.3
Utilisation rate, per cent	65.7 %

The loan facility was not exceeded in 2013. As was mentioned in the above the SMK has commenced work on replacing energy and ventilation systems in 2013, and this has prompted an increase in the utilisation rate of the loan facility from 55.1% to 65.7%.

3.6. Follow-up on payroll cap

Table 11: Follow-up on payroll cap (section 21.33.21)

DKK million, current prices	2013
Payroll cap, Appropriation Act	47.5
Payroll cap incl. TB/AKT	47.3
Cost of labour under payroll cap	43.2
Difference	4.1
Accumulated savings end of 2012	25.8
Accumulated savings end of 2012	29.9

The payroll cap was not exceeded. The total expenditure on labour under the payroll cap was DKK 43.2 million. In addition to this a total of DKK 4.7 million was spent on

labour in connection with grants for research, and a total of DKK 3.2 million was spent on labour in connection with projects and exhibitions funded via grants. The total expenditure on labour was DKK 51.1 million.

From 2014 the payroll cap has been set at DKK 45.3 million.

3.7. Appropriation accounts

Table 12: Appropriation accounts (section 21.33.21)

DKK million, current prices	<i>Financial statements</i> 2012	<i>Budget</i> 2013	<i>Financial statements</i> 2013	<i>Difference</i>	<i>Budget</i> 2014
Net expenses appropriation	-79.4	-79.1	-79.6	0.5	-82.1
Net consumption of reservation	-2.2	0.0	0.0	0.0	0.0
Income	-59.8	-36.0	-51.9	15.9	-36.8
Total income	-141.4	-115.1	-131.5	16.4	-118.9
Expenses	141.3	117.4	133.8	-16.4	119.2
Profit/loss for the year	0.0	2.3	2.3	0.0	0.3

The appropriation accounts show that the net expenses appropriations for 2012 and 2013 were largely identical: DKK 79.4 and 79.6, respectively.

The appropriation accounts also show that income was higher in 2013 than budgeted. The income was budgeted at DKK 36.0 million, but totalled DKK 51.9 million. This was primarily caused by grant-funded work on the museum stairs to the value of DKK 11.3 million.

In total, the appropriation accounts show an overspend of DKK 2.3 million; this is covered by accumulated profits from previous years.

4. Appendices to the Annual Report

Note 1: Intangible assets

Note 2: Property, plant, and equipment

Note 3: Provisions

Appendix 1: Overview of fee schemes

Appendix 2a: Grant-funded research activities (subsidiary account 95)

Appendix 2b: Other grant-funded activities (subsidiary account 97)

Appendix 3: Staff expenses by operation and grant

Appendix 4: Staff turnover

Note 1: Intangible assets

DKK million	Completed development projects	Acquired concessions, patents, licences, etc.	Total
Beginning of 2013	4.0	0.5	4.5
Revaluation	0.0	0.0	0.0
Cost prices as of 1.1.2013 (before depreciation)	4.0	0.5	4.5
Gain	0.0	0.0	0.0
Loss	4.0	0.0	4.0
Cost prices as of 31.12.2013 (before depreciation)	0.0	0.5	0.5
Accumulated depreciation	0.0	0.5	0.5
Accumulated write down	0.0	0.0	0.0
Accumulated depreciation and write down 31.12.2012	0.0	0.5	0.5
Value on 31.12.2013	0.0	0.0	0.0
Depreciation, 2013	0.0	0.0	0.0
Write down, 2012	0.0	0.0	0.0
Total depreciation and write down, 2013	0.0	0.0	0.1
Depreciation period/year	years	years	

Note 2: Property, plant, and equipment

DKK million	Land, areas, and buildings	Infrastructure	Plant and machinery	Transport vehicles	Furnishings and IT equipment	Total
Beginning of 2013	0.0	0.0	45.1	0.1	16.9	62.2
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Cost prices as of 1.1.2013 (before depreciation)	0.0	0.0	45.1	0.1	16.9	62.2

Gain	0.0	0.0	6.4	0.0	-3.3	3.1
Loss	0.0	0.0	0.0	0.0	0.0	0.0
Cost prices as of 31.12.2013 (before depreciation)	0.0	0.0	55.5	0.1	13.7	65.3
Accumulated depreciation	0.0	0.0	39.2	0.1	11.1	50.3
Accumulated write down	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation and write down 31.12.2013	0.0	0.0	39.2	0.1	11.1	50.3
Value on 31.12.2013	0.0	0.0	12.4	0.0	2.6	15.0
Depreciation, 2013	0.0	0.0	-7.2	0.0	4.1	-3.1
Write down, 2013	0.0	0.0	0.0	0.0	0.0	0.0
Total depreciation and write down, 2013	0.0	0.0	-7.2	0.0	4.1	-3.1
Depreciation period/year	years	years	years	years	years	

Own work in progress	
Value on 1.1. 2013	1.2
Increase	3.0
Depreciation	0.0
Transferred to property, plant, and equipment	0.0
Cost price as of 31.12.2013	4.3

Note 3: Provisions

DKK million	
Value on. 1.1. 2013	0.7
Returned towards appointments with limited tenure	-0.6
Provision for severance pay	0.1
Paid towards appointments with limited tenure	0.1
Provision for performance-related pay	0.1
Provisions on 31.12.2013	0.4

Appendix 1: Fee schemes

DKK million, current prices	Profit/loss				Total
	2010	2011	2012	2013	
Scheme 1	0.2	0.1	0.2	0.2	0.7
Scheme 2	0.2	0.8	0.8	0.7	2.5

Appendix 2a: Grant-funded research activities (subsidiary account 95))

DKK million, current prices	Grants received	Expenses
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PhD and Post Doc	2.6	2.6
CATS	6.2	6.2
Total	8.7	8.7

Appendix 2b: Other grant-funded activities (subsidiary account 97)

DKK million. current prices	Grants received	Expenses
Art acquisitions	2.6	2.6
Exhibitions	4.8	4.8
Other projects	23.2	23.2
Total	30.6	30.6

Appendix 3: Staff expenses by operation and grant

DKK million	
Staff expenses, operations	43.2
Staff expenses, grant-funded research activities (subsidiary account 97)	4.7
Staff expenses, other grant-funded activities (subsidiary account 97)	3.2
Total	51.1

Appendix 4: Staff turnover

Man-years/number	<i>Financial statements</i> 2010	<i>Financial statements</i> 2011	<i>Financial statements</i> 2012	<i>Financial statements</i> 2013	<i>Budget</i> 2014
Number of man-years	113.6	113.7	114.4	116.9	115.0
Employees gained	50.0	41.0	45.0	35.0	30.0
Employees lost	56.0	29.0	29.0	32.0	20.0

Man-years include employees covered by compensation schemes.