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1. Report

1.1. Company presentation

Statens Museum for Kunst (SMK) is the National Gallery of Denmark, which makes it 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, education, and communication 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.

Vision

Statens Museum for Kunst – a leading national gallery.

SMK helps redefine the museum institution of the 21st century: The SMK wishes to support and strengthen a more creative and reflective society that values its history and cherishes difference.

1.2. 2012 results

As will be evident below, the museum's academic/professional results of 2012 are deemed satisfactory: activity has been high and significant results have been achieved within the fields of research, education and communication, and conservation. The financial results are also regarded as satisfactory; expenditure is slightly down, meaning that the overall results for 2012 are deemed satisfactory.

1.2.1. Academic results in 2012

In 2012 the SMK successfully pursued its vision of being a leading national gallery. The museum can demonstrate satisfactory results within the areas of education/communication, conservation, and research – and these results are satisfactory within the purview of the museum's tasks and of the Framework Agreement/performance contract.

Years of work on creating new presentations of the museum's collections reached its completion in 2012 with the opening of the new display of *Danish and International Art after 1900*, which includes contemporary art. Generous support from the A.P. Møller and Chastine McKinney Møller Foundation and the Obel Family Foundation have enabled the museum to present the collections in a fresh, relevant, and contemporary manner, e.g. on digital platforms.

In 2012 the extensive work on the new displays was rewarded when the SMK received the Danish Museum Award (Den Danske Museumspris); the reasons quoted by the jury focused on the museum's strong effort at revitalising the collection in terms of art historical and curatorial research as well as in terms of its communicative aspects and scope for learning.

Given that 2012 was also the year in which SMK presented major international exhibitions on Hammershøi and Matisse, this meant that the museum attracted the second-highest number of visitors in any given year: almost 430,000 in total.

As is evident from Section 2.1. the SMK is deemed to have fully met all its targets, meaning that the results achieved at the museum in 2012 are deemed satisfactory.

1.2.2. Financial results for 2012

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. The efforts proved successful in 2012; the net result of the year was a modest profit of DKK 41,385.

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

Table 1: Key figures

<i>DKK million, current prices</i>	2010	2011	2012
<u>Income statements</u>			
Ordinary operating income	-126.7	-121.2	-135.8
- Of which appropriation recognised as income	-86.7	-79.2	-81.6
- Of which other income	-40.0	-42.0	-54.2
Ordinary operating expenses	122.9	122.2	140.5
- of which staff costs (wages and salaries, etc.)	49.5	48.3	50.5
- of which depreciation	3.8	4.2	4.5
- of which other costs	69.3	69.0	85.4
Profit/loss on ordinary activities	-3.7	1.0	4.6
Profit/loss before financials	-4.7	-1.1	-0.9
Net profit/loss for the year	-3.8	-0.6	0.0
<u>Balance sheet</u>			
Non-current assets	19.7	17.2	17.7
Current assets	14.0	23.0	22.6
Equity	3.8	4.5	4.5
Long-term debt	18.2	15.0	16.9
Short-term debt	10.6	19.7	18.2
Loan facility	29.3	29.3	29.3
Loan facility utilisation (FF4)	17.4	15.0	16.1
<u>Financial key figures</u>			

Loan facility utilisation rate	59.3%	51.2%	55.1%
Negative fluctuation rate	148.4%	190.4%	193.1%
Profit rate	3.0%	0.5%	0.0%
Appropriation rate	68.4%	65.3%	60.1%
Staff			
Man-year equivalents	113.6	112.0	115.1
Cost per man-year equivalent (DKK 1,000)	436.1	431.5	439.2
Wage ratio	39.1%	39.9%	37.2%
Payroll cap	54.2	52.9	52.9
Consumption of wages*	43.6	41.0	41.9

*consumption of wages within payroll cap

As Table 1 demonstrates there has been a rise in operating income compared to the preceding years. The increase in the total operating income is partly prompted by a DKK 7.5 million subsidy towards the purchase of a work by Asger Jorn, and partly due to the fact in 2012 the SMK staged two major special exhibitions featuring Hammershøi and Matisse, for which the museum received external funding to a total amount of DKK 7.8 million. A rise in admission fee income to a total of DKK 8.2 million also contributed to the overall rise in operating income.

Even so, the profit/loss on ordinary activities evinced a strong drop, resulting in a DKK 4.6 million loss. The reason for this is that the SMK was able to launch a range of education/communication and PhD projects in 2012; projects that attract subsidies from the Danish Agency for Culture and the Danish Ministry of Culture. The costs of these projects are defrayed within ordinary operation, whereas the subsidies are entered as other operation items in the income statement, which is the reason for this seeming imbalance.

The drop in the wage ratio (the relative ratio accounted for by wage costs) is prompted by the acquisition of a work by Asger Jorn at the cost of DKK 7.5 million; this acquisition does not entail any added spending on wages. If you take out the subsidy granted towards this acquisition from the operating income the wage ratio would end up at 39.4%, which correspond to the level found in preceding years. The same also holds true of the drop in the appropriation rate.

In 2012 the SMK adhered to the recovery plan prepared and agreed upon in 2010. The plan estimated an increase in expenditure of DKK 1.7 million in 2012, but no such increase occurred. This means that the museum is well prepared and consolidated for the challenges ahead.

The 2012 results also demonstrate how the museum continues to strive for a strong correlation between the activities staged and the financial framework; this includes efforts to optimise revenue-generating activities.

1.3. 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 2 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 reserved appropriation funds and additional appropriations allocated over the course of 2012 to a total amount of DKK 2.3 million. As the table indicates, considerable discrepancies exist between the Appropriation Act allocation of funds to main activities and the actual expenditure on main activities. The main reason for these discrepancies is that the costs for making art/cultural heritage available to the public are greater than allowed for in the appropriation, as are the costs for research due to the establishment of the research centre CATS (Centre for Art Technological Studies and Conservation) and the extra PhD students added. This is, however, offset by other income in the form of external funding/grants.

1.3.1. Tasks and resources: A schematic overview

Table 2: Key figures by product/tasks

DKK million, current prices	<i>Appropriation recognised as income*</i>	<i>Other income</i>	<i>Expenses</i>
General management and administration	-37.6	-13.8	55.4
Research	-4.2	-6.0	17.5
Preserving art	-14.0	-2.4	10.9
Making art/cultural heritage available to the public / education and presentation	-25.8	-37.5	57.5
Total	-81.6	-59.7	141.3

*Estimated shares

1.3.2. Tasks and resources: Additional detail

Table 3: Key figures for main activities

	2010	2011	2012
Number of visitors	448,342	347,582	429,692
- of which paying visitors	84,899	71,890	145,627
- of which visitors admitted for free	363,443	275,692	284,065
Works/objects acquired	87	87	198
Works/objects recorded electronically ¹	45,835	47,760	52,877
Conserved/restored works/objects	181	173	776
Ongoing research projects	53	55	55
Completed research projects	29	21	22
Opening hours, total	2,332	2,340	2,354
Skoletjeneste/Education Centre, number of school classes served	1,408	1,366	1,782
Number of visiting children/young adults under 18 (not including Skoletjeneste/Education Centre visitors) ²	0	0	0
Number of special exhibitions (opening that year)	6	7	9
- of which special exhibitions targeted at children/young adults	0	2	1

Number of teaching/learning activities offered ³	0	49	50
- of which new activities	0	10	12
Number of special events ⁴	79	63	87
- of which events aimed at children/ young adults	15	20	18
- of which events aimed at the business community	18	16	13
Number of exhibitions/activities where particular attention is given to disabled users	0	0	0
Number of visitors to the website	510,405	495,721	680,244

1) The statement shows the total number of registrations of individual components and corresponds to the registration of 32,800 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) The museum's teaching/learning activities are recorded in these accounts from 2011 onwards.

4) 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 key figures set down in the Framework Agreement/performance contract for 2012 have virtually all been reached. The following points should be noted:

The total number of visitors went up in 2012, and this increase was expected. It was caused by the large numbers of visitors attracted to the Hammershøi and Matisse exhibitions. Indeed, the 145,627 visitors attracted by the special exhibitions marks a doubling compared to the corresponding figures for the preceding years.

The increase in the number of works acquired, which rose to 198 in 2012, was not caused by an increase in the museum's budget for acquisitions. Rather, in 2012 the SMK received 74 from *Teatermuseet* (The Danish Theatre Museum) as well as a gift from the artist Dahn Vo numbering a total of 25 works.

The number of works on which conservation has been completed rose markedly in 2012. This increase is due to the fact that many of the works conserved are smaller works on paper from the Royal Collection of Graphic Art. A substantial number of these works are featured in the major exhibition *Flowers and World Views* opening in 2013.

Services under the Skoletjenesten/Education Centre can now once again be included in reporting. These activities have reached the level seen in 2009, and the number of school classes taught – 1,782 in total – is significantly higher than the target of 1,000 classes.

The number of special exhibitions, teaching activities, and new teaching activities reflects the ambition and scale of the work undertaken at the museum.

Finally, statistics on the number of visitors to the museum website shows a significant increase from 2011 to 2012. In 2012 the smk.dk website attracted the greatest number of visitors ever – a total of 680,244 – and also attracted a growing number of repeat visitors, indicating that the website is becoming a destination in its own right. Finally, efforts have been made to make the contents at smk.dk more visible to search engines; even greater emphasis will be placed on this in 2013.

1.3.3. Reservation/Reserve funds

Table 4: Reserve funds, account no. 21.33.21

DKK million, current prices	Reserved in	Reserve funds, beginning of year	Expenditure during the year	Reserve funds, end of year
Task 1		0.6	0.6	0.0
Delayed acquisition of artwork	2011	0.6	0.6	0.0
Task 2		1.6	1.6	0.0
Exhibition construction	2011	1.6	1.6	0.0

Statens Museum for Kunst set aside two reserve funds from the 2011 appropriation. One, to the amount of DKK 0.6 million, was set aside to make an art acquisition, while the other, to the amount of DKK 1.6 million, was set aside to build the Hammershøi exhibition. Both reserve funds were spent in 2012

1.4. Administrated expenses and income

The museum has no administrated expenses

1.5. Projections for future years

Thanks to generous support from the Annie and Otto Johs. Detlefs' Foundations the SMK will be able to welcome its visitors with a new staircase and entrance area in 2013. Work will also commence on the new museum garden, which is supported by the same foundations and is projected to open in the summer of 2014.

The staircase and garden are both physical manifestations of the museum's ambitions to open itself up and to make its artwork and knowledge readily available – and to present the museum itself as a welcoming community space. The museum's overall brand concept is *Art Sparks New Perspectives*, and this is supported by four values: *Generous, inquisitive, knowledgeable, and connected*. The brand platform will infuse the major special exhibition of 2013, *Flowers and World Views*, as well as the new collaborative museum district scheme *Parkmuseerne*, which sees the SMK joining forces with the Natural History Museum of Denmark, the Film Institute, the David Collection, Rosenborg, and The Hirschsprung Collection.

The economic pressure on the SMK has prompted the museum to adopt a dual strategy. It will continue to focus on adhering to the economic recovery plan, and it will focus strongly on enhancing its own revenues, the scope and extent of revenue-generating activities, and on attracting external funding. In 2012 the SMK continued to attract substantial external funding; a total of DKK 40 million were pledged to the museum. It is expected that the SMK will continue to be an attractive partner in 2013.

SMK is currently preparing input for the new Framework Agreement/performance contact with the Danish Ministry for Culture; an agreement that will cover the period 2014-2017. The central themes are expected to include the special role and obligation inherent in being the nation's main museum for visual arts.

2. Target reporting

2.1. Target reporting: Schematic outline

Table 5: Target report, 2012		
Task/main objective	Target	Result in 2012
Miscellaneous/interdepartmental	Developing national and international partnerships	Target met
Task/main objective	Target	Result in 2012
Making art/our cultural heritage accessible and relatable (education/learning/presentation)	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 education and presentation efforts on digital platforms	Target met
Task/main objective	Target	Result in 2012
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 2012
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.

2.2. Target reporting: Detailed analyses and assessments

2.2.1. Developing national and international partnerships

The development of partnerships within the areas of research, conservation, and education/presentation continued in 2012 and is described in greater detail below in the relevant sections. Of special note are the museum's partnerships with the Centre Pompidou and the Metropolitan Museum in connection with the Matisse exhibition and the SMK's participation in international development work on a museum database, CollectionSpace, and on conservation documentation software entitled ConservationSpace, both of which are based on international museum standards and open source technology.

2.2.2. Making art accessible and relatable

As the nation's main art museum it is not only important to carry out education and presentation activities, but also to ensure that these activities are documented and reflected upon. This is the only way to build a bank of accessible and actionable information that will benefit the museum itself as well as its partners in Denmark and abroad.

One of the SMK's objectives is to be relevant to all age groups. At present a total of 28% of all visitors fall within the 14 to 29-year-old age bracket; this figure is 15% higher than the average figure for other art museums. The objective is also reflected in the museum's work with dialogue-based teaching; art museums offer an alternative learning space that can be used by schools. In 2012 a total of 1,782 school classes visited the museum. Together with the Skoletjenesten/Education Centre and the organisation Unge Pædagoger the SMK has edited the book *Dialogue-based Teaching*, which aims to examine and offer critical perspectives on dialogue-based teaching activities and how such activities at cultural institutions hold a special potential in a citizenship context. The study is based on analyses of specific teaching activities at ARKEN, Nikolaj Kunsthal, KØS, the SMK, J.F. Willumsen's Museum, Designmuseum Danmark, Thorvaldsens Museum and Musikken i Skoletjenesten, all of which were observed by the Norwegian professor of education Olga Dysthe in the spring of 2010. One of the important points made in the book is that the various schools' specific academic objectives can be supported and promoted by student participation in dialogue-based teaching, and that it can also prompt a sense of cultural citizenship. The book provides documentation and analyses of the Danish approach to teaching, presenting it to international audiences.

The same focus is applied in a new PhD project on citizenship hosted by the museum. Here, the objective is to develop an interdisciplinary platform that cuts across museology, aesthetics, and learning, thereby contributing to developing and analysing learning processes through teaching and exhibitions at museums and cultural institutions that qualify their potential for promoting learning in a democratic society, thereby also promoting greater social cohesion and a stronger sense of community. The interdisciplinary platform will enhance the project's opportunities for generating new knowledge, and the project will be of widespread interest to museum professionals in Denmark and abroad.

One of the important focus areas in the museum's education and presentation activities aims at utilising strong partnerships when developing new approaches. One of these is *Art Catapult (Kunstkataapult)*, which is an alternative, interdisciplinary teaching activity aimed at 5th grade students. It is designed to prompt students to think about who they are, about the world in which they live, and about their history and culture. The teaching programme was developed by five teachers from the Bavnehøj skole and Det Kongelige Vajsenhus – all of them teaching Danish, Visual Arts, and/or History – together with museum educators, an artist, and an architect from the SMK. During the programme the students explore the realm of art together with their teachers, a museum educator, and an artist. They get to grips with art's historical and cultural narratives in everything from classical paintings and sculptures to new art forms such as installation art and video art. They also work hands-on with art's modes of expression and contents, creating their own products and interpretations by working with images and sculpture, both in material and digital form.

The project *GipSMK* saw the SMK testing the exhibition medium itself by allowing users to select works for an exhibition – also using the artworks to serve as inspiration for their own work. Selected groups of users were invited to act as curators, picking out works from the Royal Cast Collection and using them as the pivotal points of a social process: the Dansehallerne and Dansescenen chose a range of sculptures that were relocated to their premises at Carlsberg, where the dancers interacted directly with the works. Students from two upper secondary schools, Gefion Gymnasium and Skt. Annæ Gymnasium, both selected works that would be used in their classrooms. The project *GipSMK* is based on the most recent research on the social and democratic responsibility of museums.

Good education and presentation activities are very much about finding just the right detail or angle that allows the visitor to perceive, experience, and perhaps understand a given picture, artist, or exhibition. One of the targets of the SMK is to act as a laboratory for exhibition design. The exhibitions *Hammershøi and Europe*, *German World Images*, *Illuminated*, *Matisse*, and *Details* – two major exhibitions and three on a smaller scale – demonstrated that real relatability – and the overarching story – must be established and conveyed through new and widely different approaches each time.

Hammershøi and Europe offered a firm point of departure by providing an introduction to and basic understanding of Hammershøi before he was presented within a wider European context. It employed an atmospheric, lingering presentation of his oeuvre before the wider European overture was unleashed. The *Matisse* exhibition used the artistic method as its angle of approach. It was vast in scope and offered a wealth of impressions, both in terms of the exhibition setting itself and of its catalogue.

The exhibitions *Illuminated*, *German World Images* and *Details* were each based in focused close readings of recent art history studies. *Illuminated* was based on technical art history and

its investigations into Bosch and Bruegel; here, detective work was conducted, seeking to unveil the real identity of artists while also providing insight into the conservators' work and methods of study. The exhibition was created in close co-operation with the SMK's u.l.k. Art Labs. In the two exhibitions from the Royal Collection of Graphic Arts, *German World Images* and *Details*, subtle readings of the subject matter created one exhibition of ideas visualised and another exhibition possessed of its own, unique, chalky beauty.

Finally, the SMK wishes to continue work on its use of digital platforms. Quite specifically, iPads and associated apps are used to support the new presentation of the museum's collection of *Danish and International Art after 1900*. The iPad essentially works as a mobile archive that allows users to study the relationship between the work and the world around the work. It is possible to focus on individual exhibits, gaining additional insight and perspective by watching materials from the time it was made – e.g. newspaper and magazine cuttings, album covers, photographs, etc. Historical materials of this kind are usually stored in archives, and only people with a particular interest in the subject would spend the time required to retrieve it. On the iPad it is instantly available to all.

The SMK also helped share and disseminate knowledge and lessons learnt about the interactive museum via DREAM, a collaborative research project on digital learning. A publication issued in 2012 explored the communicative relationship between the museums' collections, the museums as institutions, and the museums' potential users.

In 2012 the SMK took the smk.dk website as the basis for carrying out a qualitative user survey on web-TV in a museum context. The objective of the study was to create a web-TV toolbox that can be used by all museums wishing to use web-TV in their future online communication. An important part of this study was a symposium held by the SMK and Mediehøjskolen; the insights acquired will be summarised in a publication to be published in the spring of 2013. Particularly salient points include the following: Video media content should be autonomous, the dramaturgic approach is crucial, and users' attention span is longer than has hitherto been believed.

2.2.3. 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 has continued in 2012, specifically through work to physically preserve artworks while retaining the quality and activity levels pertaining to conservation of works from all areas of the museum's collections. Specifically, 2012 saw the conservation of 776 works of art completed.

In 2012 the main focus of the conservation efforts were the many works to be featured in the exhibition *Flowers and World Views*, scheduled for opening in March 2013. The work done to prepare these artworks for exhibition has prompted a significant upgrade in the overall con-

ervation state of works from the genre at the museum; this effort was made possible by a substantial donation from the A.P. Møller and Chastine Mc-Kinney Møller Foundation. A four-year conservation project focusing on the Gottorfer Codex – partially co-funded by German partners and presented via Schloss Gottorf – will, of course, be a central feature of the exhibition, and this conservation work is approaching its completion. As a result, a unique work of art has been preserved for posterity, and digital imaging of all the paintings featured in the volume now make it possible to have this fragile body of work presented and recognised far beyond Danish soil.

Other projects in 2012 include further development of microclimate frames used to protect paintings against air pollution – at the museum and during transport/loan periods. Over time this will reduce the resources necessary for such conservation work while retaining high-quality results.

The project Plastic Research and Innovation for Museums and Industry (PRIMI), funded by the Centre for Culture and Experience Economy (CKO) was completed in 2012. The objective was to chart and utilise examples of extreme uses of plastic materials carried out by artists and designers, all with a view to promoting innovation and growth within art, design, the plastic industry, and conservation work at museums. The project bridged the gap between the arts and sciences, all founded on a partnership between the plastic industry, artists, designers, scientists, and art conservators. In addition to 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 artists and designers. In 2013 the project will give rise to a printed publication and digital presentations in the SMK collections.

The museum's strong international profile within conservation work is also supported by established co-operation with a range of conservation workshops and laboratories in Denmark and abroad. These include specific collaborative projects as well as regular exchanges of information, best practices, and mutual consultation between experts.

As one example of major international partnerships the museum is strongly featured in the development of ConservationSpace – an initiative headed by the National Gallery of Art, Washington D.C., the objective of which is to create an entirely new platform for record-keeping and documentation within the conservation area. The platform will include an adapted interface with CollectionSpace, which sees the SMK acting as the European implementer of a collection database developed by museum professionals. Lessons learnt from this work will be incorporated into the development of a new national museum database.

A small number of works have been treated for other museums and collections, and the SMK's responsibilities regarding conservation for the Hirschsprung Collection have been fully

discharged. The same holds true for a series of significant conservation tasks carried out for the Ordrupgaard collection.

CATS, a research centre for art technical studies and conservation co-funded by the Villum Foundation and the Velux Foundation, has made great progress in setting up facilities in 2012. CATS involves co-operation between the SMK, the National Museum of Denmark, and the School of Conservation at the Royal Danish Academy of Fine Arts, and in 2012 all-new laboratories have been set up at the SMK. The necessary science staffs has been hired in 2012, giving an added boost to the conservation work and art technological as well as art-historical research conducted at the museum while also significantly contributing to building critical mass within the field in Denmark. This will facilitate greater interdisciplinary co-operation with stakeholders in Denmark and abroad.

The interdisciplinary approach was very strongly in evidence in an innovative, user-involving exhibition concept created in conjunction with the research project Tracing Bosch and Bruegel. In 2012 a restoration and research-based collaboration between the Kadriorg Art Museum in Tallinn, Glasgow Museums, and the SMK culminated with the exhibition Illuminated – Tracing Bosch and Bruegel.

Innovative digital platforms offered audiences new opportunities for reliving the journey of discovery undertaken by the conservators and technical art historians via interactive screens and very tactile exhibition spaces that engaged all the senses.

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 2,721 individual works; the target for 2012 was 1,200. In 2012 revision efforts have encompassed a total of 4,165 works subjected to supervised registration. The target is deemed to have been fully met.

2.2.4. Research

The researchers' individual reports for 2012 show that the number of completed (22) and ongoing (55) research projects retains the high levels seen in recent years. Also, the research projects comply with the museum's target of having such projects linked to each researcher's specific area of responsibility, always taking their point of departure in (or being relevant to) the museum's collections. It is expected that in the years to come CATS (Centre for Art Technological Studies and Conservation) will help stimulate the scope of art-technological research. Also, the addition of more PhD students is expected to prompt greater quantities of research work.

The setting up of CATS as well as the influx of more PhD scholars is also expected to further strengthen the museum's interdisciplinary research environment and overall professional development. As regards the quality of the research, the overall assessment is that the com-

pletion of the major task of creating new presentations of the museum collections has enabled the researchers – more so than in 2011 – to strike a good balance between the time spent on research and the time spent on sector-specific museum work, including education and presentation activities pertaining to the collections and to ongoing maintenance of the collections. Research (and education and presentation activities pertaining to such research) is a core task for the SMK, and carrying out this task involves several different job descriptions. In this context it is worth noting that the jury's reasons for awarding the SMK the Bikuben Foundation Museum Award 2012 emphasised how the decision to give the award to the SMK was primarily motivated by the new presentation of the collections and the updated, research-based knowledge about art history, conservation, and learning showcased therein.

In 2012 the SMK published a new issue of the research journal SMK Art Journal. The journal is peer reviewed and included in current lists of approved academic journals; as such, it fulfils an important mission, not just for the museum's own research but for the Danish research scene in general. The journal provides a forum in which the museum's researchers can publish peer-reviewed articles, and it also provides a channel for other scholars working with subjects relevant to the museum's collections. The latter is particularly important because Danish museum researchers are increasingly required to publish work in peer-reviewed forums. Thus, the museum journal accommodates a need for qualifying the institution's own research while also reflecting a general wish to advance Danish art-museum research. The latter issue has prompted ongoing discussions on whether the journal should become a peer-reviewed Danish art museum journal that is published digitally. There is much to be said for such a solution if the necessary resources can be procured.

The SMK researchers have continued their endeavours to establish and take part in more international projects in 2012. The most high-profile example of such work is the research and exhibition-related collaboration on Matisse, which saw the SMK co-operating with the Metropolitan Museum of Art in New York and the Centre Pompidou in Paris. The exhibition *Hammershøi and Europe*, produced by the SMK, also attracted international attention and was shown in Munich after its run in Copenhagen ended. Major international projects also include the museum's organisational and research-related contributions to a research and exhibition project on Nordic Art 1870-1910 staged by the Leeds University. In December of 2012 this exhibition was opened in Groningen; in 2013 it will be shown in Munich.

In addition to arranging and taking part in Danish and international collaborative projects the SMK researchers offer advice and consultation, contribute to a wealth of seminars, and submit articles to international and national research projects and publications. The museum's researchers are also extensively involved in peer reviews for publications in Denmark and abroad.

2012 saw the continuation of the work done to set up an art history research centre that focuses on Danish art and international art in Denmark – and which will be able to offer Danish

and international researchers short- or long-term residencies with the SMK. In the spring of 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 for two new PhD scholars while the SMK has placed the other three offices at the disposal of staff from the Hirschsprung Collection, who are temporarily re-housed at the SMK due to ongoing restoration work at the housing of the Hirschsprung Collection itself. Thus, the final realisation of the centre must wait until the issue of the Hirschsprung premises has been resolved. At the beginning of 2013 the museum's reference library will be re-established, and the process of re-establishing the non-circulating library – a crucial service for the centre and the museum staff – can be launched.

In 2012 the museum's extensive co-operation with Danish institutions was expanded in several areas. For example, three new PhD projects have expanded the scope of the museum's collaboration with Roskilde University, Aarhus University, and Nivaagaard, whereas CATS has entailed further development of the already excellent co-operation with the School of Conservation and the National Museum of Denmark.

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 2012 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 2011 Annual Report, except for the method used to calculate the utilisation of the loan facility; from 2012 onwards this will be calculated as the sum of intangible and material assets (property, plant, and equipment), excepting donations, in relation to the appointed loan facility.

3.2. Income statement

Table 6: Income statement

DKK million, current prices	<i>Financial statements</i> 2011	<i>Financial statements</i> 2012	<i>Budget</i> 2013
note:			
Ordinary operating income			
<i>Appropriation recognised as income</i>			
Appropriation	-81.4	-79.4	-79.1
Amount spent of appropriations reserved from preceding years	-1.2	-2.2	0.0
Amount reserved of current year's appropriations	3.4	0.0	0.0
Total appropriations recognised as income	-79.2	-81.6	-79.1
Sale of goods and services	-13.0	-16.3	-12.5
Allocated funds for own operation	-28.0	-37.0	-22.7
Fees	-1.0	-0.9	-0.8
Total ordinary operating income	-121.2	-135.8	-115.1
Ordinary operating expenses			
Change in inventories	0.0	0.0	0.0
<i>Consumption expenses</i>			
Rent	0.6	1.0	1.0
Total consumption expenses	0.6	1.0	1.0
<i>Staff expenses</i>			
Wages and salaries	45.1	46.5	49.7
Other staff costs	0.0	0.2	0.0
Pension	6.5	6.8	5.7
Reimbursement of wages and salaries	-3.2	-3.0	-2.0
Total staff expenses	48.3	50.5	53.4
Depreciation, amortisation, and impairment losses	4.2	4.5	4.5
Other ordinary operating expenses	69.0	84.4	57.7
Total ordinary operating expenses	122.2	140.5	116.6
Profit/loss on ordinary activities	1.0	4.6	1.5

Other operating items			
Other operating income	-2.1	-5.5	0.0
Other operating expenses	0.0	0.0	0.0
Profit/loss before financials	-1.1	-0.9	1.5
Financials			
Financial income	0.0	0.0	0.0
Financial expenses	0.8	0.9	0.8
Profit/loss before extraordinary items	-0.3	0.0	2.3
Extraordinary items			
Extraordinary income	-0.3	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0
Net profit/loss for the year	-0.6	0.0	2.3

Table 7: Allocation of profit/loss

DKK million, current prices	<i>Financial statements</i> 2011	<i>Financial statements</i> 2012	<i>Budget</i> 2013
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	0.0	-2.3

As is indicated in table 6 the profit/loss for 2012 evened out at 0.0. The income comprises allocations for own operation to the amount of DKK 37.0 million and operating income to the amount of DKK 16.3 million as well as other income to the amount of DKK 0.9 million.

The reasons behind the rise in income are primarily funds received towards making acquisitions of art as well as the fact that the museum staged major special exhibitions that generated more revenue from admission fees than usual.

The result reflects the fact that the museum's economic recovery plan continues to be implemented according to plan. As Table 7 shows, the budget for 2013 includes an allocation of retained profits. These profits will cover the projected drop in operating income and costs in connection with the takeover of digital platform activities that have hitherto been financed via subsidies/grants. Permission from the Danish Ministry of Culture is required in order to utilise the retained profits.

The starting point for 2013 is better than projected, but the SMK must continue to focus on expenditure and income and regularly adapt its activities to match the resources available, ensuring that the SMK continues to achieve results that will help ensure stable operation.

The amount allocated to the museum's own operation in 2012 is significantly higher than in 2011 – DKK 37.0 million compared to 28.00. The figure is expected to drop in 2013.

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:		2012	2012	note:		2012	2012
Non-current assets:				Equity			
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			Dividends to the Treasury		0.0	0.0
		0.1	0.0	Retained earnings		2.9	3.0
2	<i>Property, plant, and equipment</i>			Total equity		4.5	4.5
	Land, areas, and buildings	0.0	0.0	3 Provisions		1.0	0.7
	Infrastructure	0.0	0.0	<i>Long-term debt</i>			
	Transport vehicles	0.0	0.0	FF4 Long-term debt		15.0	16.9
	Plant and machinery	12.8	13.2	Donations		0.0	0.0
	Furnishings and IT equipment	2.2	1.7	Mortgage debt		0.0	0.0
	Own works in progress	0.5	1.2	Other long-term debt		0.0	0.0
	Total property, plant, and equipment	15.6	16.1	Total long-term debt		15.0	16.9
	State guarantee	1.5	1.5	<i>Short-term debt</i>			
	Other financial assets	0.0	0.0	Suppliers of goods and services		9.3	6.2
	Total financial assets	1.5	1.5	Other short-term debt		1.7	4.9
	Total non-current assets	17.2	17.7	Holiday pay payable		6.5	7.0
	Current assets:			Reserved appropriation		2.2	0.0
	Inventories	0.0	0.0	Contract work in progress			
	Receivables	14.5	4.8	Deferred income		0.0	0.0
	Securities	0.0	0.0	Total short-term debt		19.7	18.2
	<i>Cash at bank and in hand</i>			Total debt		34.7	35.0
	FF5 Non-interest-bearing account	7.5	6.1	Total equity and liabilities		40.2	40.3
	FF7 Financing account	0.9	11.6				
	Other cash and cash equivalents	0.1	0.1				
	Total cash at bank and in hand	8.5	17.8				
	Total current assets	23.0	22.6				
	Total assets	40.2	40.3				

The museum's recovery plan means that investments are carefully vetted and prioritised. However, stricter climate requirements for artworks prompted the museum to rebuild certain exhibition rooms in 2012; this required an investment of DKK 2.3 in total. As a result, the value of property, plant, and equipment has risen for the first time in several years.

Receivables are down from DKK 14.5 million to 4.8 million. There are three main reasons for this: A DKK 1.3 drop in debtors; there are no outstanding Framework Agreement funds pertaining to 2012 like there were in 2011, a fact which reduces the receivables by DKK 2.0

million. Finally, subsidy-financed expenses defrayed in 2011 have been offset to the amount of DKK 5.6 million. The drop in receivables is the main explanation behind the change in the FF7 financing account.

The increase in long-term debt was caused by the DKK 2.3 million investments in rebuilding exhibition rooms, which prompted the increase in the FF4 account.

Short-term debt shows a modest drop of DKK 1.5 million. This decrease comprises a marked drop to the amount of DKK 3.1 million as regards debts to suppliers of goods and services; this was mainly caused by the fact that activity levels in December of 2012 were not as high as in 2011, when preparations for the Hammershøi exhibition were underway. The short-term debt is also reduced by the fact that no reserved appropriation is transferred to 2013, corresponding to a DKK 2.2 million reduction.

This drop is, however, offset somewhat by the rise in other long-term debt. This increase is primarily due to the fact that the museum's employees did not receive their wages and salaries for December, corresponding to a total amount of DKK 2.2 million, 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. There are also payable expenses from operations to grant-funded projects to the amount of DKK 0.8 million. Both cases involved bank cash movements that could not be recorded in 2012. Finally, the total amount of holiday pay payable went up by DKK 0.5 million.

3.4. Statement of changes in equity

Table 9: Statement of changes in equity

DKK million, current prices note:	2011	2012
Equity, beginning of accounting year	0.0	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	2.3	2.9
+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	0.6	0.0
- Lapse of profit/loss for the year	0.0	0.0
- Dividend to the Treasury	0.0	0.0
Retained earnings, end of year	2.9	3.0
Equity, end of accounting year	4.5	4.5

The museum achieved a net profit/loss of 0.0 in 2012. The retained earnings as of 1 January 2012 came to DKK 2.9 million, and if we add the results of 2012 the accumulated retained earnings at the end of 2012 can be calculated at DKK 3.0 million. The equity comes to a total of DKK 4.5 million and comprises the start-up capital of 1.5 and the retained earnings of DKK 3.0 million.

3.5. Follow-up on the liquidity scheme

Table 10: Utilisation of loan facility

DKK million, current prices	2012
Sum of intangible and material assets (excepting donations) as of 31 December 2012	16.1
Loan facility as of 31 December 2012	29.3
Utilisation rate, per cent	55.1 %

The loan facility was not exceeded in 2012. As was mentioned in the above the SMK has rebuilt certain exhibition rooms in 2012, and this has prompted an increase in the utilisation rate of the loan facility from 51.2% to 55.1%.

3.6. Follow-up on payroll cap

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

DKK million, current prices	2012
Payroll cap, Appropriation Act	52.9
Payroll cap incl. TB/AKT	52.9
Cost of labour under payroll cap	41.9
Difference	11.0
Accumulated savings end of 2011	25.8
Accumulated savings end of 2012	36.8

The payroll cap was not exceeded. The total expenditure on labour under the payroll cap was DKK 41.9 million. In addition to this a total of DKK 3.1 million was spent on labour in connection with grants for research, and a total of DKK 5.5 million was spent on labour in connection with projects and exhibitions funded via grants. The total expenditure on labour was DKK 50.5 million.

From 2013 the payroll cap has been set at DKK 47.5 million.

3.7. Appropriation accounts

Table 12: Appropriation accounts (section 21.33.21)

DKK million, current prices	<i>Financial statements</i> 2011	<i>Budget</i> 2012	<i>Financial statements</i> 2012	<i>Difference</i>	<i>Budget</i> 2013
Net expenses appropriation	-81.4	-79.3	-79.4	0.1	-79.1

Net consumption of reservation	2.2	-2.2	-2.2	0.0	0.0
Income	-44.5	-43.2	-59.8	16.6	-13.3
Total income	-123.7	-124.7	-141.4	16.7	-92.4
Expenses	123.0	126.4	141.3	-14.9	94.7
Profit/loss for the year	-0.6	1.7	0.0	1.7	2.3

The appropriation accounts show a DKK 2.0 million decrease in the net expenses appropriation in 2012. This decrease is primarily the result of a pre-arranged distribution of Framework Agreement funds during the 2010-13 Agreement period, and the lapse of an extraordinary appropriation earmarked for setting up study and library space.

The appropriation accounts also show that income was higher in 2012 than budgeted. The income was budgeted at DKK 43.2 million, but totalled DKK 59.8 million.

4. 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 2012 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 2013

Copenhagen, April 2013

Signature

Signature

Director Karsten Ohrt

Permanent Secretary Karoline Prien Kjeldsen

5. 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)

Note 1: Intangible assets

DKK million	Completed development projects	Acquired concessions, patents, licences, etc.	Total
Beginning of 2012	4.0	0.5	4.5
Revaluation	0.0	0.0	0.0
Cost prices as of 1.1.2012 (before depreciation)	4.0	0.5	4.5
Gain	0.0	0.0	0.0
Loss	0.0	0.0	0.0
Cost prices as of 31.12.2012 (before depreciation)	4.0	0.5	4.5
Accumulated depreciation	4.0	0.5	4.5
Accumulated write down	0.0	0.0	0.0
Accumulated depreciation and write down 31.12.2012	4.0	0.5	4.5
Value on 31.12.2012	0.0	0.0	0.0
Depreciation, 2012	0.0	0.0	0.1
Write down, 2012	0.0	0.0	0.0
Total depreciation and write down, 2012	0.0	0.0	0.1
Depreciation period/year	5-8 years	3-4 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 2012	0.0	0.0	42.0	0.1	16.7	58.8
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Cost prices as of 1.1.2012 (before depreciation)	0.0	0.0	42.0	0.1	16.7	58.8
Gain	0.0	0.0	3.2	0.0	1.1	4.3
Loss	0.0	0.0	0.0	0.0	0.0	0.0
Cost prices as of 31.12.2012 (before depreciation)	0.0	0.0	45.1	0.1	17.8	63.0
Accumulated depreciation	0.0	0.0	31.9	0.1	16.1	48.1

Accumulated write down	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation and write down 31.12.2012	0,0	0,0	31,9	0,1	16,1	48,1
Value on 31.12.2012	0,0	0,0	13,2	0,0	1,7	14,9
Depreciation, 2012	0,0	0,0	2,8	0,0	1,6	4,4
Write down, 2012	0,0	0,0	0,0	0,0	0,0	0,0
Total depreciation and write down, 2012	0,0	0,0	2,8	0,0	1,6	4,4
Depreciation period/year	0	10-15 0 years	5-8 years	3-5 years		

Own work in progress	
Value on 1.1. 2012	0.5
Increase	3.6
Depreciation	0.0
Transferred to property, plant, and equipment	2.9
Cost price as of 31.12.2012	1.2

Note 3: Provisions

Provisions	
Value on 1.1. 2012	1.0
Severance pay paid out	-0.4
Paid towards appointments with limited tenure	0.1
Provisions on 31.12.2012	0.7

Appendix 1: Fee schemes

DKK million, current prices	Profit/loss				I alt
	2009	2010	2011	2012	
Audit fees in connection with loans of artworks	0.1	0.2	0.1	0.2	0.5
Loan fee	0.2	0.2	0.8	0.8	2.1

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

DKK million, current prices	Grants received	Expenses
PhD and Post Doc	1.4	1.4
CATS	4.4	4.4
Total	5.8	5.8

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

DKK million, current prices	Grants received	Expenses
Art acquisitions	10.2	10.2
Exhibitions	16.5	16.5
Other projects	8.3	8.3
Total	35.0	35.0

6. Supplementary notes

Note S1: Staff turnover

Man-years/number	<i>Financial statements 2009</i>	<i>Financial statements 2010</i>	<i>Financial statements 2011</i>	<i>Financial statements 2012</i>	<i>Budget 2013</i>
Number of man-years	140.5	113.6	113.7	114.4	112.0
Employees gained	78.0	50.0	41.0	45.0	30.0
Employees lost	89.0	56.0	29.0	29.0	25.0

Man-years include employees covered by compensation schemes.