

MUSEUMS AND GALLERIES ACT 1992

Accounts of the Wallace Collection prepared pursuant to Museums and Galleries Act 1992, c.44, para 9(7), for the year ended 31 March 2005, together with the Report of the Comptroller and Auditor General thereon.

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

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# The Wallace Collection

## Annual Report and Accounts 2004-05

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# Annual Report

## Background information

The Wallace Collection was formed in the nineteenth century by successive Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), whose widow bequeathed it to the Nation in 1897 to be preserved as a national museum "unmixed with other works of art". The Collection contains paintings of the British, Dutch, French, Italian and Spanish schools, miniatures, sculpture, French furniture and porcelain, European and Oriental arms and armour, goldsmiths' work and ceramics; in each field the works of art are of the highest quality. It opened as a museum on 22 June 1900. Admission is free.

A Treasury Minute of 28 July 1897 appointed the first Board of Trustees which acts on the authority of a Declaration of Trust dated 27 July 1899, and of the Museums and Galleries Act 1992, which specifies the Board's general function to maintain, exhibit and grant access to, and promote public understanding and enjoyment of, the Collection. Responsibility for Government financing of the Collection rests with the Secretary of State for Culture, Media and Sport, from whom the Collection receives a Grant-in-Aid out of monies provided by Parliament.

The Collection is a Non-Departmental Public Body of the Department for Culture, Media and Sport. Its current Trustees are appointed by the Prime Minister and are listed at Annex A (on page 20). The Board of Trustees meets not less than four times a year as does the Audit Committee (a sub-committee of the Board).

The Collection is located at Hertford House, Manchester Square, London, W1U 3BN; this was one of the Hertford-Wallace residences and is a Grade 2 listed building in the West End of London. The Collection is a charity exempt from registration under the provisions of the Second Schedule to the Charities Act 1993. It has a wholly-owned subsidiary, Hertford House Marketing Limited whose results are consolidated with The Collection's results for the purpose of these accounts.

## Objectives

The principal aim of the Wallace Collection is one of stewardship: to safeguard this unique and varied Collection, making it accessible for the present and preserving it for future generations. To achieve this, the Trustees' subsidiary aims are:

- To preserve the Collection and Hertford House for future generations to enjoy in accordance with the bequest of Lady Wallace, retaining the essential character of a family house;
- To maintain and develop the quality of scholarship and practical skills of the curatorial, conservation, education and library/archival staff;
- Through the content and the quality of the Collection and by nurturing expertise, to continue as a centre of excellence, at home and internationally, in Eighteenth Century fine and decorative arts and Nineteenth Century collecting;

So that it may achieve the following:

- To make each object communicate its special properties to the viewer through physical, intellectual and sensory access; to provide the appropriate atmosphere and ambience and the information and education necessary to bring the object to life for every visitor. "To see not with, but through, the eye";
- We want the public to see the connections between ordinary objects in use throughout the world today and the Collection's extraordinary objects which, though more elaborate, have the same purpose as those at home. *To take people on the journey from the ordinary to the extraordinary;*
- To show that the works of art in the Collection transcend racial boundaries and are part of the cultural history of everyone who lives in this country. We seek to encourage a sense of identity with, and sharing of, some of mankind's greatest creations;
- For those who are physically or mentally unable to participate in one facet of the Collection there should always be an alternative. No disability should be a bar to enjoying the Collection;

- To encourage the habit of visiting museums and galleries among as wide an audience as possible by reducing any feeling of intimidation, increasing a sense of belonging and conveying the importance of *being there*;
- To build relationships with key communities;
- To make the best and most sympathetic use of new technologies to disseminate the understanding and appreciation of the Collection, both in terms of its objects and the full range of its activities;
- To develop strong and forward-looking managers who can create and motivate each member of staff to contribute to, and achieve, the Collection's objectives; and
- Through income-generating activities which draw on and complement the essence of the Collection to reduce dependence on central government support.

## The Collections

The works of art in the Collection comprise:

CATEGORY	ITEMS
Pictures (Paintings, Watercolours and Drawings)	775
Furniture	528
Ceramics	510
European and Oriental Arms and Armour	2,370
Sculpture	466
Miniatures	334
Medieval and Renaissance Works of Art (Jewellery, Enamels, Glass, Waxes and Manuscript Illuminations)	363
Goldsmiths' Work	120

These objects (5,466 in total) encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. Although it is probably best known for its magnificent eighteenth-century French paintings, porcelain and furniture, the Wallace Collection also displays many other treasures, such as paintings by Titian, Rembrandt, Rubens and Frans Hals (*The Laughing Cavalier*). There is also the finest collection of princely arms and armour in Britain, as well as choice and opulent displays of gold boxes, miniatures, sculpture and medieval and Renaissance works of art such as maiolica, glass and Limoges enamels. Every area of the Collection contains works of art of the very highest quality.

Hertford House, which was one of the Hertford-Wallace residences, is a Grade II listed building in the West End of London.

## Review of the Year

### Curation

Members of the Wallace Collection's curatorial staff are responsible for the care and display of the works of art in the Collection. They also offer their scholarly expertise, they research and publish the works of art and they enable the public to understand and enjoy them more. Curators represent the Collection on outside bodies and are from time to time called on to act as expert advisers for Acceptance-in-Lieu cases, private treaty sale or export licence applications.

### Galleries

The Galleries underwent a stunning transformation in this year, as the Francois Boucher exhibition *Seductive Visions* led to a major re-hanging of the Collection. Re-hanging the Great Gallery with The Wallace Collection's superlative holdings of works by Francois Boucher and associated 18th-Century paintings has allowed us to re-display elsewhere in the museum some of the most famous paintings in the Collection, in new groups and new contexts. The work to carry out this massive and yet delicate operation took two months to complete, plus many more of planning. The new layout drew many admiring and positive comments, delighting our regular visitors, and bringing in new ones. The greatest impact was apparent over the grand staircase and landing. Instead of the sensuous pictures of Boucher, such as the *Setting* and the *Rising of the Sun*, the tone became more spiritual with such paintings as Philippe de Champaigne's enormous *Annunciation* and two large altarpieces, Philippe de Champaigne's *Adoration of the Shepherds*, and Sassoferrato's *Mystic Marriage of Saint Catherine*.

Planning was also well underway this year in preparation for the refurbishment of at least two galleries, the Study and the Oval Drawing Room, in 2005/06.

The new Hahn case paid for by an anonymous donation to the Director arrived and was installed in the Porphyry Court, outside the Visitors' Library and Education Studio. It will be used for a changing display of individual masterpieces from outside the Collection but throughout 2004/05 housed a highly important Vincennes tankard on loan from a private collector.

### Exhibitions

The full list of Temporary Exhibitions shown during 2004-05 is at Annex C (on page 23).

The year started and ended with two of the highest profile exhibitions ever held at The Wallace Collection. The year started with the incredibly popular *Lucian Freud: Recent Paintings*. In eighteen hectic days 51,862 visitors passed through our doors at a staggering average of 2,881 per day.

At the same time we were still showing *Paintings and Drawings from the National Gallery of Scotland* (22 January - 18 April) in the Temporary Exhibition Gallery. In total there were 28,335 visitors, at an average of 330 visitors per day. This was still a highly creditable total that compared well to similar previous exhibitions.

*Town House Treasures*, the exhibition on Sir William Holburne and his collections organised by our new regional partner the Holburne Museum of Art, closed on 6 June (6,757 visitors; average daily attendance 178).

*Fighting for Napoleon*, featuring two large battle paintings by Horace Vernet formerly in the Wallace Collection and now in the National Gallery, as well as the Wallace Collection's watercolours of Napoleonic subjects, ran from 18 June to 12 September (12,592 visitors; average daily attendance 144).

The second half of the year was devoted solely to *Boucher: Seductive Visions*. The first of the series of Boucher exhibitions at the Wallace Collection, devised by curator Jo Hedley to celebrate Boucher's artistic achievement, opened on 30 September. The Wallace Collection has the greatest collection of Boucher's pictures in the world which owing to the terms of Lady Wallace's will could not be shown and so were only cursorily considered in previous retrospectives of the artist's work. In certain cases this had led to a serious undervaluing of the artist's formal achievement. This year the Wallace Collection spectacularly rectified this situation by re-hanging the Great Gallery, for the first time in its 131 year history, in celebration of the achievement of a single artist. The ease with which Boucher's monumental canvases dominate the vast space of the Great Gallery amply demonstrated the sheer visual power and élan of Boucher's work.



Meanwhile the *Boucher: Landscapes* exhibition in the Exhibition Galleries on the lower ground floor, also curated by Jo Hedley and organized jointly by the Wallace Collection and the Bowes Museum, deliberately re-created the intimate atmosphere of the eighteenth-century *cabinet*, by displaying small scale works, including paintings, drawings and etchings, and by focusing on Boucher's changing attitudes to nature, previous artistic precedent and formal connoisseurship. The *Landscapes* was replaced in January with an exhibition conceived to highlight similar issues, *Boucher: Dutch and Flemish Inspirations*: the first loan exhibition to be organized by the Wallace Collection with the Réunion des Musées Nationaux, curated by Jo Hedley and Françoise Joulie and already on show at the Musée Magnin, Dijon. March saw this exhibition being replaced by *Boucher: Seductive Revisions*, which showcased a selection of works of art chosen by Emmajane Lawrence and Jo Hedley from the Boucher-inspired works produced by the various groups (ranging from Chelsea School of Art to Homeless Artists) participating in the varied education programs devised to accompany the Boucher exhibitions. For further details see page 15.

The task of dismantling the existing Great Gallery hang, preparing the exhibition galleries and installing the exhibitions, which include over 200 objects, was a huge investment of time and resources for the Collection and demonstrated a very high level of teamwork and enthusiasm on behalf of the curatorial and conservation departments, working party, technical and security staff. Nearly everyone from these departments was involved at some point and the task would have been impossible were it not also for the commitment and hard work of a dedicated group of unpaid volunteers. It was a great achievement for everyone involved. At the same time a re-hang of the pictures formerly in the Great Gallery was devised by Jeremy Warren. The opportunity to see favourite paintings in new places has been refreshing and generally welcomed, many commenting on their renewed appreciation of different works of art prompted by their re-display. Similarly a Boucher Gallery Trail highlights works of art throughout the collection of the type Boucher was influenced by or collected. Meanwhile the general and critical response to the exhibitions was overwhelmingly positive. Radio 3's *Nightwaves* hosted a debate which concluded that Boucher is the great artist we claim him to be. The curator also spoke twice on Radio 3 and was invited to present a longer programme on Boucher and music in the eighteenth century. The written press was similarly favourable with Stéphane Guégan of *La Tribune des Arts*, for example, noting that: 'with very few loans but an extremely careful hang, the exhibition in London and even more so its catalogue, perfect synthesis of current research, represents a real breakthrough' in the understanding of Boucher and his time.

## Publications

This year saw the arrival of two very important publications. The first was a new catalogue of all 775 paintings, drawings and watercolours in the Wallace Collection and was launched here on 23 June. Written by Stephen Duffy and by Jo Hedley in an accessible style which neatly bridges the gap between the previous 1979 Summary Catalogue of Pictures and John Ingamells' highly detailed 4-volume catalogue, the catalogue illustrates all pictures in the Collection in colour for the first time, and its importance cannot be underestimated. It has been published on our behalf by Unicorn Press and by Lindsay Fine Art Ltd., who also sponsored the colour photographs.

The second publication was Jo Hedley's work on Francois Boucher. Even Brian Sewell in *The Evening Standard* characterized the book written to accompany the exhibition as 'the best book on Boucher in any language'. Indeed the publication has been short listed for *The Art Newspaper & AXA Art Exhibition Catalogue Award 2005*.

## Conferences

On 2-3 July we hosted an important international conference, *From Conrad Meit to Canova. Sculpted Portraits of Rulers and Royalty 1500-1900*, in association with the Low Countries Sculpture Society. As well as the UK and Netherlands, speakers came from Canada, France, Germany, Italy, Poland and the USA. Jeremy Warren delivered a paper on Germain Pilon's bronze bust of Charles IX in the Wallace Collection (S154), comparing it with a bust of Henri II (private collection), which was brought to the Wallace Collection during the conference for comparison. The Chairman kindly hosted an eve of conference dinner for speakers at Durrant's and Mr Daniel Katz gave a reception at his gallery on 2 July.

On the 4 and 5 February the Wallace Collection hosted a conference on Boucher, to coincide with the exhibition. This bi-lingual Franco-English two-day international conference, dedicated to the memory of Marianne Roland-Michel, attracted over eighty leading scholars from around the world. Sessions were chaired by Pierre Rosenberg, de l'Académie française, Alexis Tadié, Directeur of the Maison française, Oxford, Katie Scott of the Courtauld Institute and Ros Savill and Jo Hedley from the Wallace Collection. The keynote address, ***Boucher et les Lumières***, was given by Marc Fumaroli de l'Académie française and other speakers included Jean-Claude Boyer (CNRS and

Sorbonne), Georges Brunel (Directeur, Musée Cognacq-Jay), Guillaume Gloriex (Université de Clermont Ferrand), Françoise Joulie (Louvre), Alastair Laing (National Trust), Ewa Lajer-Burchard (Harvard), Christian Michel (Université de Lausanne), Tamara Préaud (Archives de Sèvres), Xavier Salmon (Châteaux de Versailles), Jean Vittet (Mobiliier Nationale), Jon Whiteley (Ashmolean), Humphrey Wine (National Gallery, London). Delegates also enjoyed a lecture-concert by Alan Rubin and Linda Nicholson of Boucher-related music played on a French Regency Harpsichord in the Great Gallery of the Wallace Collection. Delegates were enthusiastic in their response to the Boucher exhibition: Pierre Rosenberg in particular claimed it was the best Boucher exhibition he had seen and wrote an article in the *Corriera dell Sierra* describing it as **the** exhibition to see in London. The overall quality of the papers was particularly high and will form the basis of the first SVEC (Studies in Voltaire and the Eighteenth Century) volume dedicated to Art History to be edited by Jo Hedley and published by The Voltaire Foundation (projected publication date summer 2007).

## History of Collecting

The Wallace Collection continues to develop its role as an acknowledged centre for the study of the history of collecting, in particular collecting in London and Paris during the 18th and 19th centuries. During the report period a number of initiatives were undertaken to this end.

Four seminars in this series were held this year. On 28 April Lucy Peltz, Curator of 18th-century Collections at the National Portrait Gallery, spoke on the rise in interest in the collecting of portraits in extra-illustrated books. On 23 June Philippa Glanville, former Academic Director of Waddesdon Manor, gave a seminar at which she presented new evidence about Ferdinand de Rothschild's collecting. On 8 September Christopher Woodward, Director of the Holburne Museum of Art, one of our regional partners, spoke on the passion for Napoleon among the British. Finally on 15 December Christopher Entwistle of the British Museum spoke on the tortuous history surrounding the fabulous Cyprus Treasure, discovered at the beginning of the last century.

## Acquisitions and Loans

Although the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing from its permanent collection, objects and archival material relevant to the collection and its history are acquired from time to time and are regarded for accession purposes as forming part of the collection of the Library of Hertford House.

The National Art Collections Fund (NACF), which had earlier expressed gratitude to the Wallace Collection for its assistance with the celebrations for the Fund's centenary year in 2003, has very generously agreed to purchase for the Hertford House Historic Collection a fascinating manuscript which has recently surfaced with a New York dealer. The manuscript, created c.1829-30 by the amateur armour enthusiast George Hay Donaldson, is illustrated throughout with watercolour copies of many of the illustrations from Sir Samuel Meyrick's celebrated 1824 *Critical Enquiry into Antient Armour*. It was described by Stuart Pyhrer of the Metropolitan Museum, who kindly reported on the manuscript on our behalf, as 'of particular interest for the study of the history of arms and armour in England in the early nineteenth century and the enormous influence of Sir Samuel Meyrick's work on the subject'. The manuscript will be an important addition to our collection of material on Meyrick, the largest single portion of whose famous collection is today in Hertford House, as well as being a highly attractive item in its own right.

A rare Vincennes porcelain tankard, dated 1755-6, has been loaned anonymously for display in the Porphyry Court to celebrate the 21st birthday of the French Porcelain Society. It was made as part of a special Turkish commission and is decorated in relief with an array of flowers and crops grown in Turkey in the eighteenth century.

## Partnerships

2004/05 saw the completion of our planned small network of four other partner museums. In addition to our original partners, the Bowes Museum and the Holburne Museum of Art, we have been joined by Compton Verney and Waddesdon Manor. The main projects underway with our partners are the Boucher Landscapes exhibition (Bowes Museum), Salvator Rosa exhibition (Compton Verney) and a possible exhibition of French drawings from Waddesdon Manor.

On 17 March we held at the Wallace Collection the inaugural meeting of the new regional museums network, with representatives of all four of our partner museums. The day was a successful one which at its most basic level confirmed the value of collaboration between this group of museums, and went on to look at a number of more

specific areas, notably education, exhibitions, curatorial exchange, conservation and marketing. It was agreed to set up other small groups on the model of the already functioning education group, which would meet regularly to pursue agreed specific objectives.

Linkages have also been made through our Education department, especially with the piloting of a French project with the Holburne Museum of Art and the Bowes Museum and a new e-learning project. With funding from the DCMS Strategic Commissioning Fund each museum has developed a character who delivers sessions conducted in French (with some English) for Primary School Pupils. Our character is, naturally, Madame de Pompadour, who uses objects in the collection linked to her to teach colour, number, age, and other simple French vocabulary to the pupils, as well as teaching them to bow, curtsey and behave as courtiers would in her company. The feedback from the 3 pilot sessions has been excellent and it seems that this again is not a programme being offered elsewhere. The project will be expanded in 2005-06. Also in the pipeline are an e-learning project on Portraiture across the three collections and an architecture project including our new partner Compton Verney. Regular quarterly meetings now take place between the senior education officers from all sites.

## Collections Management

In 2003 it was agreed to proceed with examining options for the acquisition of a Collections Management System (CMS) for the Wallace Collection, which should not only assist with internal management of the collection but also greatly increase the quality of information on the collection available more widely, through the web and other means.

2004/05 saw the appointment of our new Collections Information Manager, Christina McGregor. Christina has begun work on preparing the project specification. In order to give the project a clear identity both within and without the institution, the name of *Wallace Live* has been agreed, together with a sunflower motif based on one on a work of art in the Collection.

It is anticipated that this project will take at least three years to reach completion.

## Conservation

Under the guidance of our new Head of Conservation, David Edge, the Conservation Department has spent a busy year, in particular working to help achieve the Collection's ambitious temporary exhibitions programme. Additional diversions were caused towards the end of the year with the requirement to aid the security department with upgrading security fixings in the galleries, with special attention being paid to potentially vulnerable paintings and other wall-mounted works of art. In the course of this work, two eighteenth century Venetian mirrors (F508-9) were identified as being in a particularly fragile state and in need of emergency treatment. This work was accordingly done, and their fixing brackets radically re-designed and improved; both have now been returned to their former positions either side of the windows in the Small Drawing Room

Much 'first aid' work was carried out on the Collection's furniture, by Jurgen Huber and Peter Blight. The clock conservation programme was renewed, up-dated and improved. One or more clocks per month were cleaned/overhauled by/with David Newell, including the carillon clock and the large astronomical clock (which needs further work).

A number of enamels were prepared and packed for analysis in Paris. Juanita Navarro continued the glass/enamels cleaning and monitoring programme, and also began work on assessing/conserving enamelled items in the oriental gallery; six swords with enamelled hilts were worked on.

Following a major textile conservation survey of the Rajput warrior costume, carried out by specialist textile conservators from the Textile Conservation Centre, £15,000's worth of sponsorship funding by the Leche Trust was confirmed, enabling us to embark upon the cleaning and conservation of all elements of the textile armour. Mounted upon an entirely new body-support much better designed to preserve its fragile and delicate textiles, the Warrior will be returned to the Wallace Collection at the end of April 2005. Before returning to the Oriental Armoury it will be the subject of a short-term special exhibition in the Conservation Gallery.

The new Conservation Advisory Committee met for its first full meeting on 15 July. After presentations on recent conservation projects, members of the Committee discussed current conservation proposals, notably for a Boulle commode and for the Indian Rajput warrior's armour. A separate meeting of members of the Committee with particular expertise in paintings conservation took place on 13 October. The main topic was the conservation of Pieter Pourbus's *Allegory of Love* (P542) by the Ebury Street Studio, which was subsequently approved. This work

was funded by the Michael Marks Charitable Trust. Delacroix's *Execution of Doge Marin Faliero* (P282) was also submitted for treatment of minor flaking and for tests to assess whether further work is necessary or desirable. The National Gallery has kindly agreed to conserve on our behalf the fine Tuscan School portrait of a young man with a lute (P542).

Our major programme of arms and armour conservation continued as a prelude to the re-photography of this part of the Collection for the planned Arms and Armour catalogue on CD.

Jürgen Huber completed his first major project, the conservation of chest-of-drawers F407, and made a number of interesting discoveries. We currently think that although most of the carcass is probably early 18th century, as proposed by Peter Hughes, the commode was re-veneered in the mid-19th century and aspects of its construction also altered, such as the top drawer which was converted to two drawers at this time. Conservation work on the commode was completed in early 2005 and it is hoped that the project will be published by Jürgen Huber and Eleanor Tollfree and will be the subject of a Conservation Gallery exhibition in late 2005.

Archaeometallurgist Dr. Alan Williams (working one day per week as an unpaid Volunteer in the Conservation Department) continues to study the metallurgy of armour, and recently has analysed a number of specimens from the Hofdjagd und Rüstkammer (the former Imperial Armoury in Vienna). This is part of a wider research project on the subject of Tournament Armour, for which an application for funding has been submitted to the Wellcome Trust. It is hoped that the results of this will be featured in a three-month Conservation Gallery exhibition in 2006.

Dr. Williams and David Edge are also currently investigating the construction of sword-blades, towards a future, possibly joint, publication. Dr Williams has begun the analysis of some early medieval swords, having been fortunate enough to obtain metallographic samples from swords in Hamburg, Solingen, Stuttgart, and the Fenland Museum in Wisbech. These relate to a series of similar swords in this Collection.

## Library and Archives

The Library team has been boosted this year with the appointment of Giovanna Hendel as Assistant Librarian. Giovanna's main task has been to catalogue our collection of c.15,000 books acquired between 1900-2000. We joined the School of Advanced Studies (SAS), as an Associate Member in May 2004. We have now installed the SAS 'Innopac Millennium' library system and have begun cataloguing the Collection's books onto Millennium. In August 2005, the SAS Library merged with the University of London Library (ULL) to form the University of London Research Library Services (ULRLS). The catalogue may be accessed at <http://catalogue.ulrls.lon.ac.uk/screens/wallacecollection.html>

The room designated in the Centenary Project for storage of the Collection's archives and sale catalogues has finally begun to be used for its designated purpose, with the installation of 300m of rolling shelving. This has allowed us to begin the process of bringing back the post-1900 sale catalogues which have been held in inaccessible off-site storage for several years.

The family of the distinguished Anglo-German art dealer Herbert Bier offered to deposit with the Collection the dealer's archive, as a promised gift. The archive is a remarkably complete set of business records, including stock ledgers, account books, photographic records of works of art handled, diaries and indexed correspondence. The archive even includes the notes Bier would make on his visits to museums recording strengths and gaps. The acquisition of this archive will mark a further enhancement of the Collection's documentary resources for the history of collecting. We also hope to be able to acquire a selection of books from Herbert Bier's working library.

We have recently acquired for the Library a run of rare French sale catalogues dating from 1854-1863, mostly held at the Hotel Drouot. All of the sales were organised by a print dealer called Vignères, whose address was quai de l'École, 30, Paris, and mainly but not exclusively consist of prints and drawings.

## Picture Library

Under our new Picture Librarian, Melanie Oelgeschläger, the Picture Library has undergone some reorganization, restructuring and other improvements, with the objectives of enhancing overall efficiency, accelerating the process of handling requests, re-arranging and cataloguing the photographic material to make it more accessible and implementing new systems for monitoring return of transparencies and publications due. We are following other national museums by gradually moving towards greater use of high resolution digital images.

Under Melanie's stewardship income has exceeded projections while costs have been reduced.

This year Wallace Collection paintings have been reproduced in several major publications including Ronald Lightbown's *Carlo Crivelli*, Wayne Franits *Dutch 17th Century Genre Painting* (both Yale University Press), the V&A catalogue accompanying the Vivienne Westwood exhibition and Umberto Eco's latest publication *The History of Beauty*.

## The Visitor

A second MORI poll was conducted to coincide with the main Boucher exhibition. Whilst the overall profile of our visitors remained largely unchanged, the number of visitors from Europe, especially France, has increased by 3% to 11%. The Boucher exhibition has certainly contributed towards this, with a successful press campaign in France and reaching Italy. Leaflets in French were distributed to museums in France and to the French community in London. The Entente Cordiale celebrated the end of their centenary celebrations at a dinner in the Great Gallery. In addition, marketing partnerships have started with both Visit Britain and Visit London to increase the Collection's profile to the tourist market. Visitor satisfaction with the exhibition and the Wallace Collection remained very high.

## Visitor Numbers

Visitor numbers have risen from 236,000 in 2003/04 to 288,000 in 2004/05, a stunning rise of 22%. The period started with a bang with the hugely successful Lucian Freud exhibition, which attracted 52,000 people to the Collection in eighteen hectic days.

The Boucher exhibition attracted 30,000 visitors in the six months to the end of March 2005. Whilst below our hopes, this was still a creditable number, and the exposure that such a major exhibition brought should be felt for years to come.

## Education

Additional Strategic Funding from DCMS and DfES this year has allowed for an expansion of the Education Department. An additional post, Education Officer for Community Programmes and New Audiences, was created and staffed from June. This has helped boost both our schools' and community programmes, with a proportion going towards formal education projects. A particular focus has been work with our Museum Network (for more information please see pages 8-9) as well as expanding our programmes for Special Needs Pupils, teachers and children on summer playschemes. The DCMS has also agreed that half the funds this year may be put towards development of the Wallace Collection's collections management/information project, in particular the enhancement of learning through the project. This year saw work begin on a trial 'e-learning' module on portraiture, working with the Bowes and Holburne Museums.

## Boucher

The key achievement of the Education Department during the last part of the year was the mounting of the exhibition *Seductive Revisions: New Responses to Boucher*. This exhibition, on display for a month, showcased the work of education and community groups in response to *Boucher: Seductive Visions*. It included work by primary school pupils, GCSE students, BA undergraduates, postgraduates and people who have been affected by homelessness or social exclusion and comprised drawings, etchings and oil paintings, miniature theatres and gold boxes, deliciously constructed handbags and a video installation featuring Boucher-inspired sights and sounds. The result was, we believe, a handsome display of artworks which reflect, yet expand on, Boucher's extensive and varied output. Each participating group developed a long-term relationship with the Collection and many important partnerships have been forged. This was especially apparent at the opening party that we held for the participants and their families on Saturday 19 March, when the Director gave the opening address and many group representatives gave short talks on their work. The day had an overwhelmingly positive feeling, with individuals expressing pride in seeing their work displayed in the Collection.

As you would expect, the Education team devised a number of activities to complement the main exhibition, *Boucher: Seductive Visions*. As well as a varied offering of art classes for adults and children on Boucher-related themes, regular weekly talks in the Boucher exhibition have been delivered by Guide Lecturers and Curatorial staff. Madame de Pompadour (played by actress Olivia Carruthers) has also been appearing in the Great Gallery on one Saturday a month to talk to the public about her life with King Louis XV. New ventures for us were two



debates (see also page 13) and a day-long Winter Event for families and adults. The debates were held in the lecture theatre, and included a drinks reception in the Great Gallery and the option of dinner in Café Bagatelle. Richard Cork, Rosie Millard, Gaia Servadio and Alexander Sturgis energetically discussed whether Boucher was *Pornography for Toffs*, expertly chaired by Carole Stone. The audience's verdict was 32 for the motion, 73 against, and 7 'Don't know's', so fortunately for us Boucher was not deemed pornographic! Our second evening debate, entitled *Rococo Rules OK?*, was hilariously performed to a packed Lecture Theatre in February. Laurence Llewelyn-Bowen and Simon Jenkins fought it out against Sir Timothy Clifford and Philippa Stockley, moderated by Dr Richard Dorment. The verdict was indeed that the Rococo ruled OK. The Winter Event *Les Amusements d'Hiver: Fun and Frolics in 18th-century France* was held on 5 December and involved lectures, dancing, storytelling and craft activities and ended with a duel on the Front Lawn and carols in the Dining Room. Approximately 1,200 people enjoyed the day. We also hosted three lectures, organised by the *Times Literary Supplement*, under the umbrella theme *A Fleshly Olympus*. David Coward, Stella Tillyard and Roger Scruton each examined aspects of literature and society in the Age of Enlightenment.

## Schools' Programme

The schools' programme has also been very active, with a newly-launched selection of InSET courses for primary school teachers led by artist Alison Kusner. Three art-based InSETs took place during this period, one on sculptural techniques designed to re-invigorate teachers' artistic skills, and two on 'How to Look at Paintings' followed by practical drawing exercises for use in class. The evaluations from these sessions have been extremely positive with almost 100% of teachers rating them as 'excellent'. Our sixth-form programme saw the addition of two new study days. *Ways of Seeing* was held in conjunction with the V&A and was designed for AS-level Art History students as an introduction to the study of this subject. *New Art From Old* was expanded to include two days linking Old Masters at the Wallace Collection and contemporary works in the Turner Prize at Tate Britain. The obvious link was Yinka Shonibare's *The Swing (after Fragonard)* although many more were found on the day and we will repeat the course next year.

'In Tune with the Tudors' was a joint outreach project with Wigmore Hall for four primary schools in Brent and four in Westminster. The project culminated in a performance of Tudor dances in the Great Gallery on 25 June and involved outreach in school with artists and musicians, as well as gallery visits. The summer term ended with a week of talks by the artist 'Van Dyck' who entertained children from Year 2 to Year 6. Every class rated his performance as 'excellent', with comments such as 'the actor posing as Van Dyck was superb - much more entertaining than just a tour'. We also piloted a new session, called 'Off We Go!' for Reception class children who enjoyed a hands-on tour with handling materials and simple craft activities suited to the age-group, on the theme of taking a magical journey around a royal palace. This was well received and has now been incorporated into the standard programme.

New Kings School in Hammersmith and Fulham, a primary school with a high proportion of pupils with English as a second language and/or receiving free school meals, enjoyed a Wallace-based project at the end of the summer term which involved every child in the school visiting the Collection and making their own sculptures, which tied in with sculptural activities in school. The results were shown at an exhibition in school.

September saw the design and launch of a new series of publicity for our schools audience, comprising leaflets for our Primary school, Special Needs, Teacher InSET and Key Stage 4 & 5 programmes. These are mailed 3 times per year.

## Postgraduate and Diploma Courses

An agreement was signed between the Wallace Collection and Birkbeck College, allowing the latter to take on from Autumn 2004 the MA course in Decorative Arts and Historic Interiors, previously run in conjunction with the University of Buckingham. This partnership with Birkbeck College for the MA in Historic Interiors got off to an excellent start, with the full complement of 12 students beginning the autumn term on 1 October.

## Public Programme

Children's activities during the holidays and half terms were largely well attended and took their inspiration from such themes as 'Gastronomy' and 'Eagles and Empires', resulting in wonderfully-crafted plates of clay food and extravagantly-decorated eagles' heads! Families also enjoyed *Dancing Knights*, a family day organised in December with Wigmore Hall. This involved using the armouries as source material and building a scrap metal band made from armour!

We held three themed weekend events, other than the Boucher-themed Winter Day, one for the French initiative *Printemps des Musées*, another on the theme of 'Gastronomy', with talks by Philippa Glanville and Ivan Day and one on 'Fighting for Napoleon!' All were well-appreciated by the public, the latter being the most successful. Around 1000 people enjoyed talking to Coldstream Guards and Napoleonic Soldiers, handling weapons from the time, making shako headdresses, going on walking tours between the Wallace Collection and Apsley House and hearing talks in the current Vernet exhibition. Feedback was overwhelmingly positive and appreciative.

Study days included *Fashionable Furnishings: An Introduction to 18th-century French Furniture, Boucher and the Arts* and *No.1 London* in conjunction with Apsley House. *No.1 London* was particularly well attended, with nearly 100 people taking part, but all three days received favourable evaluations.

## Community and New Audiences

One of the most exciting developments has been the work of the new Education Officer for Community Programmes, and a corresponding expansion in events for new audiences. Catherine Chastney has widened the homeless programme to offer sessions to young homeless people, expanded the *Out of the Frame* project for elderly people in care homes and she has started researching refugee and asylum seeker groups to which we could offer programmes. As part of this research, 15 adults (mostly from Middle Eastern countries) who are learning English as speakers of other languages (ESOL) visited the Collection in March. Led by an artist, and with an emphasis on language learning, they sketched, used the armour handling collection and explored the paintings and furniture. Following on from this pilot we will develop a workshop specifically for ESOL groups, refugees and asylum seekers.

Catherine and Emma Bryant have also been working on expanding our programmes for a Deaf audience. After almost a year of piloting BSL-interpreted talks once a month we have decided that this is not an effective way to reach the Deaf community. Much more successful was a Deaf Arts Day piloted in February, including lectures and practical art workshops, all conducted in BSL or Sign Supported English and led by Deaf artists and art historians. The day was very well received, particularly by families with a mixture of Deaf and non-Deaf children, all of whom were able to engage similarly in the activities. It seems from the feedback that this type of programme is not offered anywhere else in London and is both an innovative and successful formula. We now intend to hold at least three such days a year.

## Marketing, Press and Public Relations

As with most departments this year, Marketing, press and PR year's priority has, in the main, been the four Boucher exhibitions.

Successes include contributing to the overall visitor numbers figure for the year of 288,009. This is a record-breaking figure, largely due to the overwhelming popularity of Lucian Freud. The Lucian Freud exhibition attracted wide and extensive press and media coverage.

The Boucher Exhibition also afforded us the opportunity to try out new techniques in marketing and PR, given the increased budget that the exhibition demanded. This resulted in a full and comprehensive PR campaign reaching all sectors of the press and media. This would not have been achieved in-house on such a scale, the Collection benefited from calling on the services of the Culturepreneur Network. The opening party was also a major highlight, with four hundred attending, Vivienne Westwood as guest of honour and many other high-profile individuals. The opening alone attracted significant coverage.

Three evening events (in addition to the conference, study day and lectures) were piloted, attracting a new audience to the Collection - two intellectual debates including dinner, and one singles evening. All were successful, the debates on the subjects of *Boucher is simply pornography for Toffs* and then *Rococo Rocks!* proving lively and stimulating. These were carried out in partnership with the debating forum *Intelligence Squared*. We would certainly seek to try something similar in the future. Various promotions were trialed, the most successful was a two for one in Visit London's brochure. This was distributed with the Sunday Times.

In practical terms, the partnership with the Tate to provide ticketing services for the exhibition was deemed a success.

## Facilities

Whilst the Centenary Project opened up 30% new space for the public to enjoy, not all the back office developments were completed at that time. This year saw the final completion of those moves, with the fitting out of the Ronfort -Augarde Archive Room, Conservation Workshop and the Shop Store. Everybody is now where they should be under that original vision.

Other works were centred on mitigating risks to business continuity and future proofing. Thus the IT server and network were upgraded, and the telephone system replaced with a more modern and flexible system. IT support was also outsourced. An Uninterrupted Power Supply (UPS) and generator were purchased to ensure that business critical functions would continue in the advent of an electrical supply problem. As well as the obvious benefits in case of a total power failure it also has a daily advantage in that it regulates the power coming into the building to completely eliminate any power spikes or fluctuations (even if lightning struck the building), which can effect environmental measuring equipment. With the new Generator/UPS we will also be able to carry out far more routine maintenance at a fraction of the cost.

We arranged with our retained architects, Purcell, Miller, Tritton, to carry out a condition survey of Hertford House, as it had been nearly five years since the previous one. The results were gratifying, in that it highlighted that many of the smaller works highlighted in the previous survey had been completed, and whilst there were still concerns over several major areas, such as the external walls, roof and several internal areas, the decline had at least been arrested. It was also gratifying that we received a major increase in our capital settlement from DCMS in the Spending Review 2004, which will allow us to finally address the backlog of these major projects in the next two years.

## Security

The Security team has gone through the most dramatic of transformations over the past year. The last Triennial Report stated that agreement with DCMS and Treasury had been reached over alterations to the terms and conditions of those staff who had not been impacted upon by the 2000 Staff Review. The majority of these staff are in the Security Department. Negotiations with the PCS Union took up much of the year, but agreement was finally reached in November with changes being implemented by the middle of December. These changes have modernised the terms and conditions of staff, and allowed for the expansion in numbers required to maintain a security presence at a level agreed with the Trustees. This also has the benefit of improving the visit experience as these staff are our front line in dealing with the public, answering questions and ensuring that they receive the service they require.

A five year plan for improvements to the technological side of security had been agreed in 2003-04. Unfortunately the spate of thefts seen at other National Museums this year led to a re-evaluation of that plan, and the early implementation of many of its recommendations. All procedures have also been re-examined and tightened up. Security has thus seen a major investment this year, and has left the Collection in a much healthier and secure state than previous.

The two Security Staff Manager posts have now been filled. The successful applicants were Frank Docherty, who was filling one of the posts on a temporary basis, and Chris Burns, who joined us from the National Gallery. One of their first jobs is to ensure the smooth transition between the old and the new systems caused by the restructuring, and to implement a new round of training.

## Fundraising and Facilities Hire

### Fundraising

Fundraising income for revenue activities rose by 62% this year due in the main to two corporate sponsorships from UBS and British Land PLC for the Lucian Freud and Boucher exhibitions respectively. In addition, the capital campaign for room refurbishment got underway with funding for one room secured.

Caring for our supporters continues, which included the first formal visit from our American Friends in February 2005. For a full list of supporters please see Appendix J (page 35).



## Facilities Hire

Facilities hire continues to be an important source of self-generated income. Income stayed more or less the same as the previous year although there was an increase in the actual number of events staged, including the largest event to date staged, the pre-BAFTA party hosted by United International Pictures.

For a full list of clients, please see Appendix J (page 36).

## Retail

The shop continues to be appreciated by our visitors for its interesting range of products and also for the availability of books, often foreign publications, which cover the eighteenth century decorative arts particularly well. The shop staff also manage the Information Desk in the Front Hall where they are responsible for selling not only the Guide Book, but also the audio tour, and for informing visitors with disabilities of the assistance that we can offer.

The results for the year for the retail function were highly pleasing. Sales increased by over 10%, whilst continued control over expenditure produced a gross profit increase of over 20%. This was largely off the back of the increased visitor numbers generated primarily by the Lucien Freud exhibition. The increase was especially rewarding given that the Head of Retail departed on 12 months maternity leave in August.

The shop also joined in with the sense of fun generated by the Francois Boucher exhibition, being re-merchandised to accompany the exhibition and create a boudoir-like mood.

A major improvement in year has been the replacement of the old style CD based audio guides with a far more modern MP3 style model. These new devices have dramatically improved the visitor experience when compared to their heavy and cumbersome predecessors.

A major product development drive in 2005-06 should hopefully see the positive sales increases continue.

Wallace Collection publications in the period also contributed to the increase in turnover. These included Stephen Duffy and Jo Hedley's *The Wallace Collection's Pictures: A Complete Catalogue* and Jo Hedley's *François Boucher: Seductive Visions*.

## The Café Bagatelle

The Café Bagatelle formed the centre point of the Centenary Project when the French company Eliance was awarded the six-year franchise in 2000. The Café Bagatelle has succeeded in its aims of becoming a destination restaurant, and customer numbers have exceeded original estimates, though partly due to a cultural shift away from wine-drinking at lunchtime its profits do not reflect its success. Eliance pays the Wallace Collection a percentage of turnover, based on a sliding scale. The Café Bagatelle also benefited from the increase in visitor numbers this year, with their contribution reaching its highest ever level:

2001-02	£42,286
2002-03	£40,617
2003-04	£38,061
2004-05	£45,792

## Human Resources

This has been a major year in personnel terms. Much of the year was taken up with Union negotiations with a view to modernising the terms and conditions of those staff who had not been reformed in the last staffing review in 2000. The negotiations were protracted and understandably difficult, but agreement was eventually secured in November, and the new systems implemented by the middle of December.

The changes that have been made have led to a new and transparent pay and rota system for security and facilities staff, with some amendments to retail staff as well. All staff have also been impacted upon by the introduction of a new and agreed Staff Handbook.

With the departure of ADP Chessington from the payroll sector, we have also been forced to change payroll provider in year. ICS Computing were duly appointed in October and took control of our payroll systems in January.

## Performance against DCMS agreed Targets

The relationship between The Wallace Collection and its sponsoring body, DCMS, is largely defined by a Funding Agreement. 2004/05 was the second year of a three-year agreement. The Funding Agreement sets targets for five core quantitative performance measures and the Collection also reports on several qualitative performance measures that contribute to DCMS's strategic priorities.

Overall the Collection achieved two out of five of the targets, greatly exceeding the most crucial target of overall visitor numbers.

### The specific quantitative targets for the three years of this agreement are:

Core Target	2003-04		2004-05		2005-06
	Target	Actual	Target	Actual	Target
<b>1. Total Number of Visitors</b>	230,000	236,255	240,000	<b>288,009</b>	250,000
<b>2. Number of Children Visitors</b>	18,000	15,545	20,000	<b>16,698</b>	22,000
<b>3. Number of C2DE visitors to achieve an 8% increase by 2005-06 on the 2002-03 baseline</b>	15,750	16,461	16,100	<b>11,520</b>	17,010
<b>4. Number of website hits (unique users)</b>	500,000	429,564	550,000	<b>457,223</b>	600,000
<b>5. Number of children in organised educational programmes both on-site and outreach.</b>	10,000	11,301	11,000	<b>11,884</b>	12,000

The most exciting statistic here is the fact that we achieved a 22% rise in overall visitor numbers this year. Whilst the Lucien Freud exhibition significantly contributed to this feat, it is also worth noting that our figures were comfortably above the previous year in nine out of twelve months. The increase cannot therefore be solely ascribed to this one exhibition. The overall visitor numbers were our highest since the very first full year of opening in 1901.

Children's numbers increased by over a thousand in the year. Whilst this increase was a decent achievement, the target of 20,000 children was missed. Unfortunately, the exhibitions programme that absorbed the majority of creative time in the Collection did not naturally lend itself to children. This should be contrasted with the success in comfortably meeting the target for children in organised educational programmes. This reflected the expansion in the number and diverse appeal of the programmes put on by our expanding education team.

The target for C2DE visitors appears to have been missed. It should be remembered however, that the percentage of visitors from C2DE backgrounds is only checked once every two years through a MORI poll. Whilst scientifically accurate, the poll can only provide a snapshot of a very brief moment in time, and we do not feel it takes account of our educational programmes which successfully target schools and community groups in the more disadvantaged areas.

The website users target was missed again. The new website should give a major boost to numbers, and is due to be completed by the end of 2005-06.

## Future Developments

2004/05 was a groundbreaking year for The Wallace Collection with the Lucien Freud exhibition, the Francois Boucher exhibition and the re-hanging of much of the Collection that was a result of these exhibitions.

2005/06 will not see much of a let up in the pace of change at The Wallace Collection. The focus will however move from blockbuster style exhibitions to gallery refurbishments. This year will see the completion of the first two rooms in the plans, with hopes high for raising enough funds to complete a further two rooms the following year. These works will bring a new feel to the Collection, in areas where the galleries have gone without refurbishment for over twenty years.

The next three years should also see the development and hopefully completion of the vital Collections Management Project, Wallace Live. This will be a costly and time-consuming project but it will greatly improve the accessibility, understanding and security of the Collection.

The result of the 2004 government spending review will mean that we will also be planning how best to utilise the promised increased funds in order to secure the fabric of this historic building. The funds should allow us to meet all of the most pressing requirements, including extending the work carried out in year on the façade to the other three sides of Hertford House. These are also in need of much needed attention and work to ensure the integrity of the building as a whole.

On a curatorial front, 2005/06 will be ten years since the publication of Peter Hughes's Furniture Catalogue. Although much else has been achieved during the intervening ten years, the fact that the next sequence of academic catalogues is not ready for publication is a matter of concern. The Director has therefore determined that production of the next scholarly catalogue should be a key priority within the Collection's Corporate Plan, to be carried out by Jeremy Warren. The next catalogue will cover the Sculpture and the Works of Art (including gold boxes, glass, enamels, silver, jewellery etc.). Sculpture was last catalogued by Sir James Mann in 1931 whilst the works of art, which include many works of international importance, have never been the subject of a specialist catalogue.

## Foreword

### Preparation of the Accounts

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

The consolidated accounts are for The Wallace Collection and Hertford House Marketing; they exclude the accounts for the American Friends.

### Financial results

Net outgoing resources in the year amounted to £124,552 (2003/04-incoming resources of £519,091). In accordance with charity accounting guidance, this includes capital grants of £389,221 and charges in respect of capital expenditure of £587,753. If these items are excluded, the result for the year is an operating surplus of £73,980 (2003/04- surplus of £455,950). The summary consolidated income and expenditure statement on page 42 shows how the operating surplus is derived.

The main features were:

- (a) Grant in Aid income for the year was £2,594,000, (2003/04: £3,013,000). The decrease reflects the extra amounts awarded in 2003/04 for the refurbishment of the façade. Additional smaller sums were awarded this year for restructuring of the terms and conditions of staff, plus security improvements;
- (b) Conservation expenditure amounted to £173,641 (2003/04: £129,445). The increase reflects the completion of certain key projects such as the Rajput Warrior and Pieter Pourbus' *Allegory of Love* funded by the Leche Trust and the Michael Marks Charitable Trust. Additional expenditure also went on equipping the new Conservation workshop.
- (c) Curatorial expenditure amounted to £726,917 (2003/04: £490,938). This major increase reflects the additional work and expenditure in arranging and setting up the Boucher exhibition. It also reflects the continued expansion of the Education department, built on the strategic commissioning funding provided by DCMS, and the initial work on The Wallace Collection's own Collections Management System, now titled "Wallace Live";
- (d) Security expenditure in 2004/05 was £1,367,002 (2003/04: £1,037,806). The increase reflects the payments made to staff to modernise their terms and conditions, resulting in a more cost effective and streamlined arrangement that reflects the needs of the Wallace Collection. The increase also includes amounts spent improving the technological security of the Collection. The five-year plan for improvement was dramatically speeded up this year due to the spate of thefts across the sector. Fortunately, the Wallace Collection escaped such incident again this year.
- (e) Building and maintenance expenditure (other than the charge for depreciation) amounted to £506,774 (2003/04 £485,905). This amount represents the preventative maintenance designed to further halt the deterioration in the eighteenth century building. Much greater investment will be required to secure its medium and long term future, and we were fortunate to be promised a substantial increase to tackle the backlog in the last government spending review. This funding will come in in 2006/07 and 2007/08;
- (f) Management and administration costs amounted to £449,015, (2003/04: £452,396);
- (g) Fund raising and publicity expenditure amounted to £391,167, (2003/04: £193,066). The increase was down to the additional sums invested in promotion and running of the Francois Boucher exhibition; these included a major advertising campaign and the costs of the ticketing, both of which were offset by exhibition sponsorship and ticket income.
- (h) Trading costs relating to the wholly owned subsidiary, Hertford House Marketing Ltd amounted to £581,689 (2003/04: £533,327). The net profit generated by Hertford House Marketing Ltd hardly changed from the previous year moving from £384,952 to £384,742. The stable profit masked a strong year for retail on the back of the strong exhibitions and increased visitor numbers; this also resulted in an increased contribution from the restaurant franchise. The Picture Library also had a good year under the control of our new Picture Librarian.

- (i) Other than the charitable donation from Hertford House Marketing Limited to its parent organisation, The Wallace Collection, there were no charitable donations made in the year. £250,000 was received in year from a donor who wished to remain anonymous as a contribution towards the gallery refurbishment programme.

## Reserves policy

The policy of The Wallace Collection is to seek to establish, and then maintain, a level of unrestricted reserves of over £300,000. These are required to provide adequate working capital to ensure that The Collection can operate efficiently and effectively and also to sustain its level of activities by providing some protection against an unexpected down turn in non-grant revenue. At 31 March 2005, the Collection's unrestricted reserves of £194,646 were below the target level. It is the policy of the Trustees that this target be achieved within the next five years.

## Fixed assets

Movements on fixed assets are set out in note 9 to the financial statements. A summary of the key movements are as follows:

- Freehold Land and Buildings were externally re-valued at 31 March 2001 and this valuation has since been increased by reference to the relevant Government indices at 31 March in each subsequent year. This resulted in a revaluation increase of £3,434,325 in 2004/05;
- Total additions during the year amounted to £389,221, which primarily related to expenditure on security improvements, plus preliminary work on the gallery refurbishment programme;
- Although several assets were disposed of in the year, none had a net book value above zero; and
- Depreciation charge for the year is £587,754. The building is being depreciated over an expected remaining life of 56 years. It is, nevertheless, the Trustees' intention to continue to maintain and improve Hertford House, subject to the availability of adequate funding.

## Payment of creditors

The Wallace Collection aims to adhere to the Government service standard on settlement of accounts by endeavouring to pay all undisputed bills within 30 days of receipt. During 2004/05, 79% of creditors were paid within this target period (2003/04: 77%).

## Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Collection's consolidated accounts for the year 2004/05. The audit fee in respect of this work was £16,000. Other than the statutory audits of the Wallace Collection and Hertford House Marketing Limited, and an internal audit service, no other accountancy or audit services were commissioned or undertaken in the year.

## Staff and organisation

The Wallace Collection is an Equal Opportunity Employer and has agreed statements of policy under Section 2(3) of the Health and Safety at Work Act 1974. Senior officers meet weekly as well as monthly and communicate with staff through weekly team briefings, the full formal monthly staff meetings and regular staff notices and through the Collection's Health and Safety organisation as well as through informal meetings. The Wallace Collection follows the policy issued by the Cabinet Office on the employment of disabled people.

## Post Balance Sheet Events

There were no events after the 31st March 2005 which might affect the reader's understanding of the accounts.

Chairman

Director and Accounting Officer

## Annex A - Trustees

The Trustees of The Wallace Collection are appointed by the Prime Minister.

The members of the Board of Trustees during the year were:

Mr John Lewis OBE* – Chairman	– appointed May 1994, term expired December 2005.
Mr John Ritblat	– appointed August 2003, appointed Chairman from January 2005.
Sir Geoffrey de Bellaigue	– appointed January 1998
Sir Elton John	– appointed December 1999, term expired December 2004
Lady Irvine of Lairg*	– appointed February 2000
Ms Carole Stone	– appointed February 2000
Dr Fram Dinshaw*	– appointed March 2001
Martin Drury CBE	– appointed May 2001
Dr Richard Dorment	– appointed July 2003
Sir Timothy Clifford	– appointed August 2003
Hon Barbara Thomas	– appointed August 2003

\* Denotes members of the Audit Committee

In addition the Board of Trustees may appoint honorary trustees, who do not share the statutory duties of Board members.

Mrs Jane Lewis – Honorary Trustee	– appointed January 1998
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A register of interests for all Trustees is held at Hertford House.

### **The Directors of Hertford House Marketing Ltd. during the year were:**

Mr John Lewis OBE  
Miss Rosalind Savill CBE FSA

#### **Principal Officers**

Miss Rosalind Savill CBE FSA	– Director
Mr Jeremy Warren FSA	– Head of Collections
Mr Simon Pink ACA	– Head of Operations and Finance
Ms Clare O'Brien	– Head of Development and Marketing

#### **Advisers**

Bankers: Lloyds TSB Corporate  
Public and Community Sector  
25 Gresham Street  
London EC2V 7HN

Auditors:  
The Wallace Collection  
(Consolidated Accounts)  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
London SW1W 9SP

Hertford House Marketing Ltd.  
(Trading Company)  
haysmacintyre  
Southampton House  
317 High Holborn  
London WC1V 7NL

## Annex B - Publications by Wallace Collection Staff

### Stephen Duffy

- The Emperor Napoleon in his Study by Jacques-Louis David' in *The Folio Society Book of the 100 Greatest Portraits*, ed. Martin Bailey, London, 2004
- (With Jo Hedley) *The Wallace Collection's Pictures: A Complete Catalogue*, London, 2004

### David Edge

- '17th Century Mail, *Acta Metallurgica Slovaca*, 10, Kosice, Slovak Republic, 2004
- 'Gothic armour for man and horse (A21)', information and teachers' notes published in TES, May 7 2004, written by Emma Bryant and David Edge.

### David Edge and Alan Williams

- 'Great helms and their development into helmets', *Gladius*, 24, 2004, pp.123-135

### Jo Hedley

- 'Vigée Le Brun's newly conserved portrait of Madame Perregaux in the Wallace Collection', *The Burlington Magazine*, April, 2004, pp.224-33
- Entries on Champagne's *Cardinal Richelieu*, Boucher's *Madame de Pompadour* and Van Loo's *Diderot* for M. Bailey ed., *The Folio Society Book of the 100 Greatest Portraits*, London, 2004.
- (With Stephen Duffy) *The Wallace Collection's Pictures, A Complete Catalogue*, London, 2004.
- *François Boucher: Seductive Visions*, The Wallace Collection, London 2004
- December Treasure of the Month: Terborch's *Lady Reading a Letter*
- 'L'influence française sur la peinture anglaise aux dix-huitième siècle', *De Soie et de Poudre*, Versailles, 2004

### Suzanne Higgott

- The Association for the History of Glass, *Glass News*, No.16, November 2004, 7-9, exhibition review, 'Beyond Venice: Glass in Venetian Style, 1500-1750' and 10-11, 'The Wallace Collection: A glass trail'
- Abstract, 'Glass in the Wallace Collection: Part 1' in 'Study Day Review: New light on old glass: collections, analysis and archaeology' in *Glass News* (Association for the History of Glass), Number 17, February 2005
- 'New Light on Maiolica in the Wallace Collection' in Glaser, Silvia (ed.), *Italienische Fayencen der Renaissance. Ihre Spuren in internationalen Museumssammlungen*. Wissenschaftliche Beibände zum Anzeiger des germanischen Nationalmuseums, Band 22. Nuremberg, pp. 55-78.

### Jürgen Huber

- 'Henry Flitcroft The conservation and restoration of a table', article on the conservation of a table for the British Galleries at the V&A, carried out at Plowden & Smith, *Conservation News*, Issue 95, March 2005 (with Eleanor Tollfree)

### Emmajane Lawrence

- 'Morning Glory', *TES Teacher*, 3 December 2004



### **Eleanor Tollfree**

- 'Commode attribuée à Antoine-Robert Gaudreaus', Fiche 390B in *L'Objet d'Art*, April 2004
- 'Henry Flitcroft The conservation and restoration of a table', article on the conservation of a table for the British Galleries at the V&A, carried out at Plowden & Smith, *Conservation News*, Issue 95, March 2005 (with Jürgen Huber)
- 'Conserving one of Riesener's secrétaires for Marie-Antoinette', *Furniture History Society Newsletter*, No.154, May 2004, pp.4-5.
- 'Paris tour, 7-9 November 2003', review in the *Furniture History Society Newsletter*, No.154, May 2004, pp.25-27.
- 'An old favourite restored to its former glory: Rodin's *Burghers of Calais*', review of a visit made by the PMSA to view the sculpture undergoing conservation, *Sculpture Journal*, Volume XI, 2004, pp.105-6, also reproduced in *Circumspice*, the Newsletter of the Public Monuments and Sculpture Association, Spring 2004, Issue 29, pp.7-9.
- Review of 'Saved! 100 Years of the National Art Collections Fund', *The Art Book*, Volume 11, Issue 3, June 2004, pp.22-3
- with Yannick Chastang, 'Fit for a Queen', *Apollo*, October 2004, 57-63
- Report on the Attingham Summer School 2004, *The Attingham Society Newsletter*, Issue 4, Autumn 2004, 2-3
- 'Pendule de cheminée aux sphinges', Fiche 393B in July-August issue of *L'Objet d'Art*.
- Entries for the *New Dictionary of National Biography*, Oxford 2004 on: William Satchwell Leney (revision); Thomas Medland; Nathaniel George Philips (revision); Thomas Fryer Ranson; Burnet Reading; John Scott (revision)
- Short article on 'Curating: Furniture' in *Careers in Art History*, a booklet produced by the Association of Art Historians, London, 2005, pp.48-51

### **Rosalind Savill**

- 'Boucher: Muse for Sèvres porcelain and gold boxes in the Wallace Collection', essay in Jo Hedley, *Francois Boucher: Seductive Visions*, The Trustees of the Wallace Collection, 2004, 182-192.

### **Jeremy Warren**

- Introduction to *London Sculpture Week 2004*.
- Review of the exhibition *Depth of Field: the place of relief in the time of Donatello* at the Henry Moore Institute, Leeds, *The Burlington Magazine*, 146 (December 2004), 838-840.
- Catalogue entries for *In the Light of Apollo. Italian Renaissance and Greece*, Milan 2004. Catalogue of exhibition held at National Gallery-Alexandros Soutzos Museum, Athens
- Entries on Isaac Falcke and Sir Francis Watson for the *New Dictionary of National Biography*, Oxford 2004
- 'Talkback: displaying museum objects in commercial outlets', *Museums Journal*, September 2004



## Annex C - Exhibitions in 2004-05

### **Paintings and Drawings From The National Gallery of Scotland: From Raphael to the Glasgow Boys**

**22 January ~ 18 April 2004**

This splendid exhibition celebrated the support given to the National Gallery of Scotland in Edinburgh by the National Art Collections Fund (the Art Fund), Britain's leading art charity. Comprising forty paintings, prints and drawings by a wide range of artists, it demonstrated the wonderful array of works of art that Edinburgh has acquired with the Art Fund's help.

Among the works on display were a superb group of English drawings and watercolours by Turner, Blake, Girtin, Constable and Rowlandson; drawings by Raphael, Ingres and Poussin (the preparatory drawing for his great painting in the Wallace Collection, *The Dance to the Music of Time*); Rembrandt's celebrated etching *Ecce Homo*; and a fine group of Scottish paintings by Alexander Nasmyth, Joseph Crawhall, George Henry and David Gauld.

Before its London showing, the exhibition was on display at the National Gallery of Scotland as *Many Happy Returns: The National Gallery of Scotland Celebrates 100 Years of the Art Fund*, 24 October - 14 December 2003.

### **Lucian Freud: Latest Paintings**

**31 March ~ 18 April 2004**

The Wallace Collection was the venue for an exciting exhibition of about fourteen new paintings by Lucian Freud. This was the first time that these new works were on public display, as they have all been completed since his phenomenally successful retrospective at Tate Britain in 2002. Freud was keen for his new work to be shown in London before being exhibited in New York (at the Acquavella Galleries) and he regarded one of the top-lit galleries of the Wallace Collection as the ideal setting.

Subjects included a brigadier, a solicitor, an actress, a whippet, an Arab gelding and several grandchildren. These new works showed that Freud is working as vigorously and ambitiously as ever.

### **Town House Treasures: Sir William Holburne of Bath**

**29 April ~ 6 June 2004**

This exhibition celebrated a new partnership between the Wallace Collection and the Holburne Museum of Art in Bath by bringing to London some of the Holburne's finest treasures. Sir William Holburne (1793-1874) is celebrated for his remarkable collection of fine and decorative art which has survived at the museum in Bath bearing his name. Born into a distinguished naval family, he saw action at the Battle of Trafalgar when he was only twelve years old, and later became a notable traveller. Both at home and abroad he collected works of art on a huge scale, acquiring over 5,000 objects, including Italian maiolica and Renaissance bronzes, seventeenth-century Dutch paintings, European porcelain and English silver and Wedgwood ware. This exhibition displayed a splendid selection of treasures from the Holburne Museum of Art, situated in one of Bath's finest town houses. With fine paintings and spectacular silver, porcelain and miniatures, it gave visitors a chance to see works of art not normally on view in London, as well as the opportunity to compare and contrast two great nineteenth-century collections.

### **Fighting For Napoleon: Two Battle Paintings By Horace Vernet**

**18 June ~ 12 September 2004**

This exhibition, which opened on Waterloo Day, saw the display at Hertford House of two great paintings of Napoleonic battles that were once owned by the 4th Marquess of Hertford, the father of Sir Richard Wallace. Generously lent by the National Gallery, London, they depict *The Battle of Hanau* (1813) and *The Battle of Montmirail* (1814) and were painted by the French artist Horace Vernet in the early 1820s for the duc d'Orléans, later King Louis-Philippe. Each almost three metres wide and meticulously detailed, they provide fascinating insights into the battle experiences of Napoleonic soldiers in the last years of Napoleon's reign. Also on display were watercolours with Napoleonic military subjects from the Wallace Collection's own collection as well as arms and armour of the period. A wide range of educational activities accompanied the exhibition.

### **Francois Boucher: Seductive Visions**

**30 September 2004 - 17 April 2005**

Boucher: Seductive Visions was the most exciting and ambitious exhibition The Wallace Collection had ever held. Built around The Wallace Collection's own incomparable holdings of Boucher's paintings and Boucher-inspired miniatures, gold boxes and Sevres porcelain, the exhibition showcased the immense range and quality of his work. Furniture, miniatures, books, shells and corals further helped to set the Bouchers in context. In his heyday Francois Boucher (1703-1770) was the consummate embodiment of Rococo luxury and refinement. His extraordinary career saw him scale the heights of the Academic hierarchy and work for a string of prestigious clients including King Louis XV and the King's mistress, Madame de Pompadour. His luscious female nudes and poetically imaginative pastorals led to him being acclaimed as 'the Painter of the Graces' and the 'Anacreon of Painting', yet only a few years after his death his enchanted vision of gods and goddesses, nymphs and lovelorn shepherds had been swept away by the austere neoclassicism of David, the Revolution and the Guillotine.

For six months only this, the most impressive collection of Boucher's paintings in the world, were displayed alongside a breathtaking range of porcelain, miniatures and goldsmiths' work influenced by his designs and complimented by three accompanying exhibitions:

#### **Boucher: Landscapes**

**30 September 2004 ~ 19 December 2004**

Organised jointly with the Bowes Museum, this beautiful exhibition perfectly complemented Boucher: Seductive Visions. Although The Wallace Collection holds an unrivalled array of paintings by Boucher, it does not own any of his landscapes. With loans from many British collections, including the Bowes Museum, the British Museum and the National Gallery, this exhibition presented a marvellous range of paintings, drawings and prints by Boucher and his contemporaries, revealing the crucial role that landscape played in eighteenth-century French art.

#### **Boucher: Dutch and Flemish Inspirations**

**6 January 2005 ~ 6 March 2005**

Organised by The Wallace Collection in conjunction with the Reunion des Musees Nationaux in Paris and the Musees Magnin at Dijon, this exhibition complemented Boucher: Seductive Visions by emphasising Boucher's enthusiasm for 17th Century Dutch and Flemish art and its enormous influence on his own paintings and drawings. With loans from French public and private collections, including the Louvre, this important exhibition contained a splendid array of works by Dutch and Flemish artists as well as by Boucher himself.

#### **Seductive Revisions: New Responses to Boucher**

**17 March 2005 ~ 17 April 2005**

This exciting exhibition showcased works by community and education groups in response to Boucher: Seductive Visions. Contributors comprised students from primary schools in Brent and Ealing, 'Gifted and Talented' pupils in Westminster, Kensington and Chelsea, London-based artists who have been affected by homelessness or social exclusion, students of textiles at Chelsea College of Art, and postgraduate students attending the Prince's Drawing School. Each group created their own personalised response to Boucher's work. The variety of source material, from Boucher's designs for luxurious gold boxes to his virtuoso depiction of the nude and his visions of pastoral fantasy, resulted in a range of interpretations, from intricate 3D set-designs, to a video installation featuring rococo-inspired sights and sounds!

## Annex D - Treasures of the Month

April	A Dragon Commode by Gaudreaus 1735-40
May	A Parade Shield for Henri II c1560
June	A Miniature Portrait of the Duke of Wellington
July	Benjamin Franklin on a Sevres Porcelain Cup and Saucer 1777
August	A Sphinx Clock c1781
September	A Mid 14th-Century Mosque Lamp from Cairo
October	Govaert Flink, ' <i>A Young Archer</i> ' c1640
November	Germain Pilon, ' <i>Portrait Bust of Charles IX</i> ' c1570-79
December	Gerard Ter Borch, ' <i>A Girl Reading a Letter</i> ' 1660-65
January	Bonington ' <i>On the Coast of Picardy</i> ' 1826
February	A lustred Earthenware Dish from Medieval Spain, c1420-30
March	Six Chairs from Fontainebleau 1786

## Annex E - Public Enquiries

Arms & Armour	320
Conservation	240
Paintings, pre-1800	766
Paintings, nineteenth-century	366
Earthenware, ceramics, glass, Limoges enamels	17
Sculpture and works of art	98
Sèvres porcelain and gold boxes	26
Furniture	167
General	18
Library	
Public enquiries	170
Library visitors	280

## Annex F - Changes in Attribution

(1) F111 French writing-table, c.1720. Was attributed by Hughes 1996 Vol 2 p.1049 to François Lieutaud but was reattributed by Alexandre Pradère in his book on Charles Cressent (2003, p.120 and p.267) to Cressent.

(2) F320, writing-table, thought to be French 1830-5 in Hughes 1996 Vol 2 pp.1142-5. Reassessed by Reinier Baarsen in his article in *The Burlington Magazine*, July 2005, CXLVII, pp.464ff as made in Brussels, 1777-8, possibly by Gotfried Weber, the mounts attributed to Michel Dewez, as part of an imposing suite of furniture made for the *salle d'audience* of Charles-Alexandre, Duke of Lorraine (1712-80), Governor-General of the Austrian Netherlands from 1744 until his death. Now considered to be made from oak, pinewood and chestnut, veneered with rosewood and Turkish hazel.

(3) Boullework commode, F407. Thought by Hughes 1996 Vol 2 pp.658-662 to date from c.1720 with later alterations. During conservation work undertaken by Jurgen Hüber from June 2004 it was found that the carcass, which still probably dates from c.1720, seems to have been reveneered with Boullework marquetry, the top drawer divided into two and the apron added on the front sometime in the mid C19.

## Annex G - List of Objects Conserved

### Arms and Armour

By conservators/short-term contract staff/conservation interns working 'in house' (Peter Blight, Deborah Lee)

(A1085) Wheel-lock gun March 2005	(A900-1) Pair of knives
(A1101) Wheel-lock gun March 2005	(A897) Knife
(A1093) Wheel-lock gun Feb 2005	(A916) Trousse containing knife and fork
(A1078) Wheel-lock gun Jan 2005	(A902) Knife
(A1089) Wheel-lock gun Dec 2004	(A376) Spur
(A1088) Wheel-lock rifle Dec 2004	(A298-9) Pair of greaves and sabatons
(A1161) Wheel-lock pistol Oct 2004	(A924) Axe-head
(A1162) Wheel-lock pistol Oct 2004	(A87) War Hat
(A1176) Wheel-lock pistol Oct 2004	(A143) 'Spanish' morion
(A1182) Wheel-lock pistol Sept 2004	(A563) Rapier
(A16) Mail cape Aug 2004	(A567) Rapier
(A4) Mail shirt Jun 2004	(A168) Close-helmet
(A5) Mail shirt Apr 2004	(A144) 'Spanish morion'
(A325) Shield Apr 2004	(OA1751) Sabre (guddars)
(A363) Spur May 2004	(A424) Saddle steel
(A364) Spur May 2004	(A1068) Chain belt
(A366, 367) Pair of spurs Apr 2004	(A158) Close-helmet
(A392, A393) Pair of spurs Apr 2004	(A210) Cuirass with tassets
(A754) Dagger Apr 2004	(A906) Chisel-shaped knife
(A760) Dagger Apr 2004	(A907) Small knife
(A1157) Wheel-lock pistol June 2004	(A888) Serving knife
(A1158) Wheel-lock pistol July 2004	(A889) Serving knife
(A1159) Wheel-lock pistol July 2004	(A365) Spur
(A1160) Wheel-lock pistol June 2004	(A917) Knife
(IIIJ502) Dagger chape (silver)	(A165) Close-helmet or armet
(XIILC197) Statuette of an Ostrich (silver and parcel-gilt)	(A198) Falling Buff
(A327) Embossed pageant shield	(A197) Falling Buff
(A898) Knife	(A167) Close-helmet
(A1331) Drinking horn	(A166) Close-helmet
(A908) Knife	(A163) Close-helmet or armet
(A880) Serving knife	(A734) Dagger and sheath
(A881) Serving knife	(A245) Portion of armour for the left arm
(A882) Serving knife	(A769) Dagger and sheath
(A73) Sallet	(A766) Sheath of a Landsknecht dagger
(A215) Breast and backplate	(A768) Dagger and sheath
(A212) Breastplate	(A58) Portions of Armour
(A359) Half-chanfron	(A767) Sheath of a Landsknecht dagger
(A34) Incomplete armour	(A51) Embossed half-armour
(A77) Sallet (barbute)	(A153) Armet
(A85) Sallet	(OA2188) Shield
(A893-4) Pair of small knives	(OA1523) Helmet
(A211) Breastplate	(A254) Gauntlet (right)
(A375) Spur	(A157) Close-helmet or armet
(A903-5) Set of three knives	

## **Furniture**

By contract conservator commissioned by The Wallace Collection- David Newell (furniture)

(F98) Astronomical clock Jun 2004

(F97)

(F96) Musical clock Jun 2004

(F41) Mantel clock Jun 2004

By conservators/short-term contract staff/conservation interns working 'in house'

(F219-32) Shrewsbury armchairs and sofas (6 objects) Apr 2004

(F243) Armchair Apr 2004

(F331-339) Sofa and armchairs tapestries, later applied to frames (8 objects) Apr 2004

(F427) Writing-table Jun 2004

(F407) Chest of drawers (commode) Jan 2005

(F461) Writing-table Jun 2004

(F493-500) State chairs (8 objects) Apr 2004

(F508-9) Mirrors (2 objects) Jan 2005

(F514-15) Pier tables, risk assessment

## **Paintings**

Restored

(P432) François Boucher, *Cupid a Captive*, c. 1754 [conservation by Ebury Street Studios]

In progress

(P542) Tuscan School, *Portrait of a Young Man Playing a Lute*, mid-C16th [conservation by Ebury Street Studios]

(P352) David Wilkie, *The Cottage Toilet*, 1824, frame only restored.

## **Sculpture**

(S222) *Fidelity* was cleaned

## Annex H - Staff, External Positions Held

### **Rosalind Savill**

Winner of 2005 European Woman of Achievement Award: Arts and Media.  
Awarded an Honorary Doctorate by Buckinghamshire and Chiltern University College (for support of furniture conservation)  
President of French Porcelain Society  
Trustee of the Holburne Museum of Art  
Mentor to a Clore Leadership Programme Fellow  
Member of Royal Mint Advisory Committee  
Member of the Museum Libraries and Archives Council Accreditation Committee  
Member of the Apsley House Advisory Panel  
Member of the National Trust Arts Panel  
Trustee of the Campaign for Museums  
Trustee of the Attingham Trust

### **David Edge**

Board Member of Oakeshott Institute (dedicated to the study and research of historic swords)  
Membership of Meyrick Society  
Membership of Arms and Armour Society of Great Britain  
Honorary membership of Arms and Armour Society of America  
Membership of Arms and Armour Research Society  
Member of the United Kingdom Institute of Conservation  
Served on vetting committee for Arms and Armour TEFAF, Maastricht, 2005  
Served on Anglo-Sikh Heritage Committee

### **Suzanne Higgott**

Membership of the Board of the British Committee of the Association for the History of Glass

### **Jürgen Huber**

Membership of the United Kingdom Institute of Conservation

### **Christina McGregor**

Registered MDA (Museums Documentation Association) Trainer

### **Simon Pink**

Member, DCMS Museums and Galleries Efficiency Project Board  
Member, Museums and Galleries Heads of Finance Group  
Member, Museums and Galleries Board Secretaries Group  
Member, National Museums Managers Consortium  
Member, DCMS Public Private Fund Advisory Group

### **Eleanor Tolfree**

Committee member for the Furniture History Society  
Editor for the Attingham Society Newsletter  
Editorial Board, *The Art Book*  
Committee member of the Society of Decorative Arts (SODAC)  
April 2004, acted as a judge for the Tiranti Under 25s Portrait Sculpture Competition run by the Society of Portrait Sculptors



**Jeremy Warren**

Member, Editorial Board, *The Sculpture Journal*

Member, Advisory Board, Anglo-Sikh Heritage Trust

Member of Scientific Committee for exhibition: *Giambologna: Heroes and Gods*, Museo del Bargello, Florence, 2006

Member of Advisory Committee for Society of Antiquaries' Tercentenary exhibition, 2007

Expert advice to the Reviewing Committee on the Export of Works of Art

## Annex I - The Wallace Collection and Hertford House Marketing Limited Staff

Staff in post at 31st March 2005

### **Director's Office**

Rosalind Savill CBE FSA

*Director*

Elizabeth Evans

### **Curatorial Department**

Jeremy Warren FSA

*Assistant Director: Head of Collections*

Rosie Broadley

Stephen Duffy

Joanne Hedley

Suzanne Higgott

Eleanor Tollfree

### **Conservation Department**

David Edge

*Head of Conservation*

Peter Blight

Stephen Craig

Jurgen Huber

Deborah Lee

Alan Williams

### **Education Department**

Emmajane Lawrence

*Head of Education*

Emma Bryant

Catherine Chastney

Hayley Kruger

### **Library and Archives**

Andrea Gilbert

Giovanna Hendel

### **Collections Management**

Christina McGregor

### **Picture Library**

Melanie Oelgeschlager

### **Development and Marketing**

Clare O'Brien

*Assistant Director: Head of Development and Marketing*

Claire King

Naomi Waite

### **Events Department**

Lucy Holmes  
*Head of Events*  
Helen Jacobs  
William Shaw

### **Finance and Operations**

Simon Pink ACA  
*Assistant Director: Head of Finance and Operations*  
Wasif Ahmed  
Zhinong Chen

### **Personnel**

Lee McNally

### **Facilities**

Tony Carlton  
Everton Smith

### **Retail**

Leanne Williams *Head of Retail (Maternity Leave)*  
Gino Brignoli *Acting Head of Retail*  
Dennis Dalby  
Tracey Howarth  
Shirley Lightfoot  
Dean Marsh  
Nielu Sirith  
Miriam Tolmer  
Elizabeth Ward

### **Security**

John Power *Head of Security*

#### *Security Staff Managers*

Chris Burns  
Frank Docherty

#### *Security Supervisors*

Colleen Cummins  
Brian Mitchell  
Michael Richardson  
Patrick Rose  
Catherine Smith

#### *Security Team Members*

Chris Chamberlain  
Mauro Cordani  
Pauline Dixon  
Sam King  
Jim McKenna  
Rudolph Notice

Alain Pottier  
Martin Quirke  
Guy Sagi  
Jamie Samain  
Peter Savva  
Trevor Watson

*Gallery Team Members*

Yasser Ahmed

Georgi Bojadzjew

Margaret Bruen

Hoffman Bynoe

Chris Caisley

Eric Carrington

Anthony Codrington

David Chivers

Leonard Clifford

Rachel D'Angolo

Andreas D'Apice

Lyndsey Dixon

Eddie Fenlon

Beverley Fish

Rachel Garman

Vernon Goodwin

Kevin Grady

Thomas Gray

Marie Headen

Georgina Heskin

David Legge

Kafat Lam

Jagz Madahar

Maria Mascot

Ivar Matheson

Anwar Mungroo

Christina Marchant

Michael Parkhouse

Roselyn Pridmore

Adrian Pye

Marie Reynolds

Peter Rispin

Pamela Ruff

Joanne Sawyer

Lioudmila Sekirtchina

## Annex J - Wallace Collection Supporters 2004-05

### *Companions*

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The Marquess of Cholmondeley  
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Graham Drucker  
Giles Ellwood  
Mr and Mrs Charles Haddon-Cave  
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Norman A. Kurland and Deborah A. David  
Mr Michael Mackenzie  
In Memory of the late A.V.B. [Nick] Norman  
Christylle Phillips  
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Lady Judge  
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Joe Lewis Esq  
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The American Friends of the Wallace Collection

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The Cinderford Trust  
The John S Cohen Foundation  
The Coral Samuel Charitable Trust  
The Coutts Charitable Trust  
The Crescent Trust  
The John Ellerman Foundation  
The Foyle Foundation  
The Idlewild Trust

The Kirby Laing Foundation  
The Leche Trust  
The Lynn Foundation  
John Lyon's Foundation  
The Michael Marks Charitable Trust  
The Plum Trust  
The William Arthur Rudd Memorial Trust  
Stanley Foundation Limited  
The Weinstock Fund

*Organisations holding Events at the Wallace Collection*

UBS  
Fidelity Investments  
House & Garden Magazine  
Susan Crewe  
Chandler Chico Agency  
Portner & Jaskel  
Raindrop Information Systems  
Bank of Scotland  
Boston Consulting Group  
Booz Allen Hamilton  
Enterprise Plants  
Merrill Lynch  
Street Tree Limited  
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Freshfields  
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The Bright Consultancy  
CECA  
SkyePharma  
Fisher Productions  
Powerhouse Partnership  
The Attingham Trust  
Girls Day School Trust  
MBNLP  
Inward Investment Group  
London Merchant Securities  
London Stock Exchange  
Princess Grace Hospital  
Accenture  
Kurt Geiger  
BDO Stoy Hayward  
Standard Chartered  
Luc Vandeveld

Infrastructure Investors Ltd  
Barclays Capital  
First Protocol  
The British Land Company Plc  
Kier Property  
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Logica CMG  
NESTA  
Smithsonian  
AXA  
Duke of Edinburgh Award Scheme  
Unison  
Morgan Stanley & Co.  
Red Cross  
Seddons Solicitors  
Entente Cordiale  
European Credit Management  
Finers Stephens Innocent  
McKinsey & Company  
Ashmore Group  
Camelot Group Plc  
Women in Advertising Group  
Venues Unlimited  
BUPA  
Clarion Events  
Venues 4 u  
United International Pictures  
Terrace Hill  
Millbrook Medical Conferences  
BBC  
Guinot  
DLA  
Speechly Bircham

## Statement of Trustees' and Director's Responsibilities

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

In preparing the Collection's accounts, the Trustees are required to:

- observe the Accounts Direction issued by the Secretary of State\* including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practices have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Collection will continue in operation.

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

Chairman

Director and Accounting Officer

\* A copy of which is available from the Wallace Collection, Hertford House, Manchester Square, London, W1U 3BN

## Statement on Internal Control

### Scope of responsibility

1. As Accounting Officer and Chair of Trustees (as representative of the Board of Trustees), we have responsibility for maintaining a sound system of internal control that supports the achievement of The Wallace Collection's aims and objectives whilst safeguarding the public funds and the Collection's assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to her in Government Accounting and also ensuring compliance with the requirements of the Wallace Collection's Management Statement and Financial Memorandum.

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

### The purpose of the system of internal control

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Wallace Collection for the year ended 31 March 2005 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

### Capacity to handle risk

4. Risk management is an intrinsic part of the everyday decision-making process at The Wallace Collection. Given the tight financial constraint that The Wallace Collection has operated under for many years, it is only natural that risk is considered as part of every management and Trustee decision. This is not only limited to financial risk, where every new project is carefully costed, budgeted for and monitored, but the risk to the fragile Collection and the fabric of Hertford House that is entrusted to our care. The risk assessment and monitoring process is engendered in all staff through the discipline of the budgeting round, plus overt consideration in each of our weekly staff meetings where the topic is a mainstay of discussion. For major projects a Steering Group is established, headed by a senior staff member, and they are charged with ensuring that the project operates to set parameters and budgets. Thus the risks inherent in any new venture are weighed up carefully in advance and are monitored throughout the duration of the project.

### The risk and control framework

5. An integral part of our risk management strategy is The Wallace Collection's own risk assessment document. This is updated each year, covers the key risks that the Collection faces and assigns a key individual to manage that risk. Risk is also considered on a continuous basis through discussion at weekly staff meetings, drawing on the experience of senior team members.

6. The Collection's risk appetite is necessarily low, given the history of enforced financial constraint. The success of the Centenary Project has however given the Collection a lift and means that slightly riskier projects can now be considered. 2004/05 saw the best examples of this with the Freud and Boucher exhibitions. Whilst these projects may be considered to be higher risk, the controls over the decision making process mean that risk taking is limited to well thought out projects. All new projects are considered at Accounting Officer and Trustee Board level. They are robustly costed and considered in the context of the potential benefits and risks to the Collection, be that financial, reputational or otherwise.



7. The risk priorities of The Wallace Collection in 2004/05 have been:

- Increasing visitor numbers and understanding of the Collection without either undermining the reputation of The Wallace Collection or contravening the terms of Lady Wallace's bequest, primarily through a high profile exhibitions programme;
- Increasing self generated income at a time of economic slowdown without increasing the risk to the fabric of the building;
- Limiting financial and security risks through restructuring of the staff and terms and conditions; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade 2\* listed building.

### **Review of effectiveness**

8. As Accounting Officer and Chair of Trustees, we have joint responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control has been informed by the executive managers within The Wallace Collection who have responsibility for the development and maintenance of the internal control framework, and comments made by the internal and external auditors in their management letter and other reports.

9. An internal audit service was re-instated in year. The new more cost effective provider allowed The Wallace Collection to commission a sufficiently broad and comprehensive scope of work to allow the internal auditor to provide the Accounting Officer and Board of Trustees with a full assurance statement for 2004/05. Internal Audit's overall assessment was that the controls in place were generally sound.

10. Both the Board of Trustees and the Audit Committee play a key role in the system of Internal Control:

- The Trustee Board brings wide-ranging experience and a fresh perspective to key decision-making discussions. All key issues are brought to the Trustee Board's notice for discussion and ratification; and
- The Audit Committee meets up to four times a year. They support the main Trustee Board and the Accounting Officer by questioning senior management and internal/external audit functions to satisfy themselves that The Wallace Collection has an adequate system of internal control.

11. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

*John Ritblat*  
Chairman  
16 January 2006

*Rosalind Savill*  
Director and Accounting Officer  
16 January 2006

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

I have audited the financial statements on pages 42 to 58 under the Museums and Galleries Act 1992. These financial statements have been prepared in the form directed by the Secretary of State for Culture, Media and Sport and approved by the Treasury; they have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 47 to 48.

### Respective responsibilities of the Board of Trustees, the Director and the Auditor

As described on page 37, the Board of Trustees and the Director of The Wallace Collection, as the Accounting Officer, are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions funded by via Parliament. The Board of Trustees and the Director are also responsible for the preparation of the Foreword and Annual Report. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Museums and Galleries Act 1992 and directions made by the Secretary of State for Culture, Media and Sport there under, and whether in all material respects the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the other contents of the Foreword are not consistent with the financial statements, if The Wallace Collection has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 38 to 39 reflects The Wallace Collection's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of The Wallace Collection's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Museum and the group circumstances, consistently applied and adequately disclosed.

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

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of The Wallace Collection and the group as at 31 March 2005 and of the incoming resources and application of resources of the group for the year then ended and have been properly prepared in accordance with the Museums and Galleries Act 1992 and the directions made by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

16 January 2006

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

## Summary Consolidated Income and Expenditure Account for the year ended 31 March 2005

	<b>Total 2004/05</b>	Total 2003/04
	<b>£</b>	£
Total income from continuing operations	4,648,358	4,398,107
Total operating expenditure	(4,772,910)	(3,879,016)
<b>Total (deficit)/surplus for the year</b>	<b>(124,552)</b>	<b>519,091</b>
<b>Adjusted for capital items:</b>		
Grant in respect of capital expenditure	(389,221)	(676,850)
Charges in respect of capital expenditure	587,753	613,709
<b>Operating surplus on revenue income and expenditure, before designations and transfers.</b>	<b>73,980</b>	<b>455,950</b>

The statement of financial activities (SOFA) recognises all income, i.e. both capital and revenue. Conventional income and expenditure accounts, however, do not recognise capital income, which is instead recognised as deferred capital grant reserves. An amount equal to the depreciation charge and losses on disposals is subsequently transferred from the latter reserve to the income and expenditure account over the useful life of the asset. The SOFA deficit of £124,552 has therefore been adjusted to reflect the operating surplus for the year of £73,980 had an income and expenditure account been prepared.

*The notes on pages 47-58 form part of these financial statements.*

## Consolidated Statement of Financial Activities for the year ended 31 March 2005

	Notes	Unrestricted funds	Restricted funds	Total 2004/05	Total 2003/04
		£	£	£	£
<b>Incoming resources</b>					
<i>Donations, legacies and other incoming resources</i>					
Donations and similar resources	2	257,182	527,251	<b>784,433</b>	395,849
Grant-in-Aid	2	2,474,000	120,000	<b>2,594,000</b>	3,013,000
Other Public Funds	2	0	80,000	<b>80,000</b>	0
<i>Activities in furtherance of the Collection's objectives</i>					
Operating income from Collection activities	3	46,516	0	<b>46,516</b>	61,767
<b>Activities for generating funds</b>					
Trading income	16	956,817	0	<b>956,817</b>	915,174
Exhibition income		154,458	0	<b>154,458</b>	0
Investment income	4	21,072	11,062	<b>32,134</b>	12,317
<b>Total incoming resources</b>		<b>3,910,045</b>	<b>738,313</b>	<b>4,648,358</b>	<b>4,398,107</b>
<b>Resources expended</b>					
<b>Charitable expenditure</b>					
<b>Total incoming resources</b>		<b>3,910,045</b>	<b>738,313</b>	<b>4,648,358</b>	<b>4,398,107</b>
<b>Resources expended</b>					
<b>Charitable expenditure</b>					
<i>Costs of activities in furtherance of the Collection's objectives:</i>					
Conservation		114,963	58,678	<b>173,641</b>	129,445
Curatorial		591,240	135,677	<b>726,917</b>	490,938
Security		1,215,252	151,750	<b>1,367,002</b>	1,037,806
Building and maintenance		676,881	406,599	<b>1,083,480</b>	1,042,038
		<u>2,598,336</u>	<u>752,704</u>	<u><b>3,351,040</b></u>	<u>2,700,227</u>
<b>Management and administration of the charity</b>		446,948	2,067	<b>449,015</b>	452,396
<b>Costs of generating funds</b>					
Fund-raising and publicity		353,308	37,858	<b>391,166</b>	193,066
Trading costs	16	581,689	0	<b>581,689</b>	533,327
<b>Total resources expended</b>	5	<b>3,980,281</b>	<b>792,629</b>	<b>4,772,910</b>	<b>3,879,016</b>
<b>Notional costs:</b>					
Cost of Capital	6	33,064	36,924	<b>69,988</b>	47,899
Net incoming/(outgoing) resources before transfers		(103,300)	(91,240)	(194,540)	471,192
Reversal of notional costs		33,064	36,924	<b>69,988</b>	47,899
<b>Net incoming/(outgoing) resources for the year</b>		<b>(70,236)</b>	<b>(54,316)</b>	<b>(124,552)</b>	519,091
Revaluation of assets		54,197	3,268,596	<b>3,322,793</b>	662,524
<b>Net movement in funds</b>					
Fund balances brought forward		2,395,508	29,491,367	<b>31,886,875</b>	30,705,260
Transfer of Funds		0	0	<b>0</b>	0
Fund balances carried forward	14	<u>2,379,469</u>	<u>32,705,647</u>	<u>35,085,116</u>	<u>31,886,875</u>

All operations of the Collection continued throughout both periods and no operations were acquired or discontinued in either period.

The Collection has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 47-58 form part of these financial statements.

## Consolidated Balance Sheet at 31 March 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	9	<b>34,503,078</b>	31,378,818
<b>Current assets</b>			
Stock	10	<b>195,771</b>	179,522
Debtors	11	<b>296,752</b>	338,571
Cash at bank and in hand	15	<b>650,664</b>	436,231
		<b>1,143,187</b>	954,324
<b>Creditors: amounts falling due within one year</b>	12	<b>(561,149)</b>	(446,267)
<b>Net current assets</b>		<b>582,038</b>	508,057
<b>Net assets</b>	13	<b>35,085,116</b>	31,886,875
<b>Represented by:</b>			
<i>Income funds</i>			
Restricted income funds	14	<b>32,705,647</b>	29,491,368
<i>Unrestricted funds:</i>			
Designated income funds	14	<b>2,184,823</b>	2,182,663
General income funds	14	<b>194,646</b>	212,844
<b>Total funds</b>	14	<b>35,085,116</b>	31,886,875

Name  
Chairman  
Date

Name  
Director and Accounting Officer  
Date

*The notes on pages 47-58 form part of these financial statements.*

## The Collection Balance Sheet at 31 March 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Investment	8	2	2
Tangible assets	9	<b>34,479,887</b>	31,366,552
		<b>34,479,889</b>	31,366,554
<b>Current assets</b>			
Stock	10	<b>63,012</b>	62,584
Debtors	11	<b>474,171</b>	654,260
Cash at bank and in hand		<b>518,156</b>	186,832
		<b>1,055,339</b>	903,676
<b>Creditors: amounts falling due within one year</b>	12	<b>(458,112)</b>	(383,385)
<b>Net current assets</b>		<b>597,227</b>	520,291
<b>Net assets</b>		<b>35,077,116</b>	31,886,845
<b>Represented by:</b>			
<i>Income funds</i>			
Restricted income funds	14	<b>32,705,647</b>	29,491,368
<i>Unrestricted funds:</i>			
Designated income funds	14	<b>2,184,823</b>	2,182,662
General income funds	14	<b>186,646</b>	212,815
<b>Total funds</b>	14	<b>35,077,116</b>	31,886,845

Name  
Chairman  
Date

Name  
Director and Accounting Officer  
Date

*The notes on pages 47-58 form part of these financial statements*

## Cash Flow Statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
<b>Net cash inflow from operating activities</b>			
Returns on investment and servicing of finance	15 a)	<b>571,520</b>	730,614
Capital expenditure and financial investment	15 b)	<b>32,134</b>	12,317
	15 b)	<b>(389,221)</b>	(710,970)
<b>Increase in cash in the year</b>	15 c)	<b><u>214,433</u></b>	<b><u>31,961</u></b>

*The notes on pages 47-58 form part of these financial statements*



# Notes to the financial statements for the year ended 31 March 2005

## 1. Accounting policies

### a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and comply with the requirements of the Companies Act 1985, the Statement of Recommended Practice "Accounting and Reporting by Charities" (October 2000) and applicable accounting standards.

The consolidated accounts are for The Wallace Collection and Hertford House Marketing Ltd; they exclude the accounts for the American Friends.

### b) *Incoming resources*

All income is accounted for in the year in which it is receivable

Grant-in-Aid from the Department for Culture, Media and Sport allocated to general purposes is taken to the Statement of Financial Activities in the year to which it relates.

Sponsorship for specific projects and donations income is credited to the Statement of Financial Activities at the point where entitlement and certainty arises. Amounts received in advance are recognised as deferred income, and transferred to the Statement of Financial Activities in the year in which the respective conditions are fulfilled.

Legacies are credited to income when the Collection becomes entitled to the income and there is certainty of receipt and the amount is quantifiable.

### c) *Expenditure*

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements.

Activities in furtherance of the Collection's objectives comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Management and administration costs are those incurred in connection with the management of the Collection's assets, organisational administration and compliance with constitutional and statutory requirements.

Costs of generating funds includes fund raising and publicity costs incurred in seeking voluntary contributions for the Collection, and in publicising the Collection.

### d) *Fund accounting*

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Collection.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

e) *Tangible fixed assets*

Tangible fixed assets with a cost price of £500 and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £100 and purchased in bulk are pooled and capitalised when the combined total exceeds £500. The property, Hertford House, was transferred to the Trustees of the Collection by the Secretary of State for the Environment on 22 December 1993. The basis for the valuation for this property is stated in note 9.

Depreciation is provided on all tangible fixed assets, except land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land	not depreciated
Freehold buildings	over the expected remaining life, assessed as 56 years at 31 March 2001
Office equipment	over 4 years
Fixtures and fittings	over 4 years (electrical equipment) 10 years (other fixtures and fittings) and 25 years (refurbishment projects since 2000)

The fixed assets are re-valued to current costs, where material, using a range of appropriate indices.

f) *Stock*

Stock comprises goods for resale, and is stated at the lower of cost and net realisable value after making due allowance for slow moving items as follows:

*Hardback and paperback catalogues*

20% write down in value from the first full year on sale on a reducing balance basis subject to an estimated residual value.

g) *Collection objects*

The value of objects and pictures in the Collection is considered to be incalculable, and therefore no amount is included for them in the balance sheet. Additions to the works of art acquired for the library collection or handling collections are, in accordance with the Executive NDPB Annual Reports and Accounts Guidance, capitalised and recognised in the Balance Sheet since 1 April 2001, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or re-valued as a matter of routine.

h) *Leases*

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

i) *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

j) *Pension costs*

Past and present employees are covered by the provisions of the Civil Service Pension Scheme. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits.

k) *Notional costs*

In accordance with Treasury guidance, notional costs of capital are charged at 3.5% (2003/04 3.5%) in the Statement of Financial Activities in arriving at "Net incoming/(outgoing) resources." These are then reversed so that no provision is included in the Balance Sheet.

The Treasury agreed in 2000/01 that Hertford House is regarded as part of the Collection and as such will not be subject to the capital charge.

## 2. Funding

£2,474,000 (2003/04 £ 3,013,000) of Grant in Aid has been received from the Department for Culture, Media and Sport (Request for Resources 1) during the year, of which £210,000 has been used to fund capital improvements (2003/04 £569,307); the remainder was used to fund operating expenditure. A further £120,000 Grant in Aid was received towards internal restructuring and security improvements. An additional £80,000 was received from DCMS/DfES for strategic commissioning of e-learning and regional partnerships. Donations and similar charges (£784,433) include a donation of £250,000 from a donor who wished to remain anonymous. This donation was towards the cost of refurbishing the galleries. Further sums were received from individuals through the high-level membership scheme, donations by visitors, charitable trusts and foundations, plus two corporate sponsorships.

## 3. Operating Income

The operating income from collection activities of £46,516 (2003/04 £61,767) includes £42,913 income from education activities (2003/04 £46,509), £487 from conferences and seminars (2003/04 £12,519), £250 for the "Adopt a Seat" scheme (2003/04 £1,500) and other miscellaneous income of £2,866 (2003/04 £1,239).

## 4. Investment income

	<b>2004/05</b>	2003/04
	<b>£</b>	£
Interest receivable	<b>32,134</b>	12,317

Interest is earned on short term cash deposits.

## 5. Total resources expended

	Staff costs £	Other costs £	Depreciation £	<b>Total 2005 £</b>	Total 2004 £
<i>Activities in furtherance of the Collection's activities</i>					
Conservation	124,795	48,846	0	<b>173,641</b>	129,445
Curatorial	339,797	387,120	0	<b>726,917</b>	490,938
Security	1,305,554	61,448	0	<b>1,367,002</b>	1,037,806
Building and Maintenance	84,166	422,608	576,706	<b>1,083,480</b>	1,042,038
	<u>1,854,312</u>	<u>920,022</u>	<u>576,706</u>	<b>3,351,040</b>	2,700,227
Management and administration of the charity	255,959	193,056	0	<b>449,015</b>	452,396
<i>Costs of generating funds</i>					
Fund raising and publicity	158,779	232,387	0	<b>391,166</b>	193,066
Trading expenditure	287,182	283,460	11,047	<b>581,689</b>	533,327
	<u>2,556,232</u>	<u>1,628,925</u>	<u>587,753</u>	<b>4,772,910</b>	3,879,016

### a) Curatorial costs

	<b>2004/05</b>	2003/04
	<b>£</b>	£
Staff costs	<b>339,797</b>	298,651
Education and Exhibitions	<b>241,247</b>	108,646
Library and Archives	<b>38,751</b>	38,214
Other	<b>64,800</b>	41,265
Publications	<b>42,322</b>	4,162
	<u><b>726,917</b></u>	<u>490,938</u>

## b) Staff costs

	<b>2004/05</b>	2003/04
	<b>£</b>	£
Wages and salaries	<b>1,973,874</b>	1,771,997
Social security costs	<b>158,233</b>	137,994
Pension costs	<b>211,484</b>	201,252
	<b>2,343,591</b>	2,111,243
Casual staff costs	212,641	20,101
	<b>2,556,232</b>	<b>2,131,344</b>

There were four members of Senior Management in the year, being the Director and three Assistant Directors (2003/04 four). Other than the Director, no other member of staff had taxable earnings above £50,000 in 2004/05 (2003/04 none)

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a non-contributory and unfunded multi-employer defined benefit scheme and The Wallace Collection is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31st March 2003. Details can be found in the resource accounts of the cabinet office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004/05, employers' contributions of £208,084 were payable to the PCSPS (2003/04: £201,252) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will increase from 2005/06. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. At 31 March 2005 only one member of staff had taken up this option, the Collection paying a contribution of £3,400 into their pension account (2003-04 nil).

The average number of employees, analysed by function, was:

	Permanent Staff	Temporary Staff	Managerial Staff	<b>Total 2004/05</b>	Total 2003/04
Director's Office	1	0	1	<b>2</b>	2
Conservation	4	0	0	<b>4</b>	4
Curatorial	10	0	1	<b>11</b>	9
Security	46	10	0	<b>56</b>	44
Trading	9	1	0	<b>10</b>	9
Fundraising and publicity	4	0	1	<b>5</b>	4
Building and Maintenance	3	0	0	<b>3</b>	3
Management and administration of the charity	3	0	1	<b>4</b>	6
	<b>80</b>	<b>11</b>	<b>4</b>	<b>95</b>	<b>81</b>

c) *Director*

During the year the Director received remuneration of £92,832 (2003/04:£88,878). This includes a non consolidated bonus amounting to £11,277 (2003/04: £9,775). The Director's pension contributions of £15,254 (2003/04: £14,634) were charged to the Collection.

The Director's contract of employment is currently under negotiation with a view to being extended for a further five years.

The Director's salary and pension entitlements as at 31 March 2005 were as follows:

Salary including Bonus	Real increase in pension/lump sum	Total accrued pension/lump sum at age 60 at 31 March 05	CETV at 31 March 04	CETV at 31 March 05	Employee contributions transfer in	Real increase in CETV after adjustments for and changes in market investment factors
£000	£000	£000	£000	£000	£000	£000
93	2 / 5	32 / 96	483	539	0	25

**Director's Salary:** Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowances to the extent that it is subject to UK taxation.

**Director's Pension:** The above table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. A CETV is a payment made by the pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV is the actuarially capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members accrued benefits and any contingent spouse's pension payable from the scheme. The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing years of pension service in the scheme at their own cost. CETV are calculated within the guidelines and framework prescribed by the Institute and Faculty Actuaries.

The last column above reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

d) *Trustees*

The Trustees neither received nor waived any emoluments during the year (2003/04: £nil). Expenses reimbursed to one of the Trustees for travel and subsistence amounted to £2,067 (2003/04: £13,193). This was funded from a specific donation. The Chairman and Board of Trustees are appointed for periods of 3 to 5 years.

**6. Notional cost of capital**

Notional cost of capital is calculated as 3.5% (2003/04 3.5%) of the average capital employed by the Collection in the year (excluding Hertford House), less an amount equal to assets originally donated. This amounted to £69,988(2003/04: £47,899).

## 7. Net incoming resources

Net incoming resources are stated after charging:

	2004/05	2003/04
	£	£
Auditors' remuneration:		
Audit fees	19,725	18,725
Operating lease rentals for hire of plant and machinery	4,423	11,492
Travel, subsistence and hospitality	21,955	9,889

## 8. Unlisted Investments

The Wallace Collection has £2 share capital in its trading subsidiary Hertford House Marketing Limited. Hertford House Marketing Limited commenced formal trading on 1 April 2000. The Wallace Collection owns 100% of the issued share capital of Hertford House Marketing Ltd. The Chairman of Trustees and the Collection's Director are the only directors of the company.

Notes to the financial statements for the year ended 31 March 2005

## 9. Tangible fixed assets

Group

	Freehold land and buildings £	Fixtures and fittings £	Office Equipment £	Assets Under Construction £	Total £
<b>Cost/valuation</b>					
Balance at 1 April 2004	31,646,613	2,572,759	253,440	0	<b>34,472,812</b>
Additions	0	240,817	113,156	35,248	<b>389,221</b>
Transfers	0	0	0	0	<b>0</b>
Disposals	0	(692,386)	(47,425)	0	<b>(739,811)</b>
Revaluation	3,434,325	37,444	0	0	<b>3,471,769</b>
<b>Balance at 31 March 2005</b>	<u>35,080,938</u>	<u>2,158,634</u>	<u>319,171</u>	<u>35,248</u>	<b><u>37,593,991</u></b>
<b>Depreciation</b>					
Balance at 1 April 2004	1,095,529	1,775,924	222,541	0	<b>3,093,994</b>
Charge for the year	404,923	135,832	46,999	0	<b>587,754</b>
Disposals	0	(692,386)	(47,425)	0	<b>(739,811)</b>
Revaluation	89,431	59,545	0	0	<b>148,976</b>
<b>Balance at 31 March 2005</b>	<u>1,589,883</u>	<u>1,278,915</u>	<u>222,115</u>	<u>0</u>	<b><u>3,090,913</u></b>
<b>Net book value</b>					
<b>Balance at 31 March 2005</b>	<u>33,491,055</u>	<u>879,719</u>	<u>97,056</u>	<u>35,248</u>	<b><u>34,503,078</u></b>
Balance at 31 March 2004	<u>30,551,084</u>	<u>769,835</u>	<u>30,899</u>	<u>0</u>	<b><u>31,378,818</u></b>

The net book value at 31 March 2005 represents tangible fixed assets used for:

	Freehold land and buildings £	Fixtures and fittings £	Office Equipment £	Assets Under Construction £	<b>Total</b> £
Charitable purposes	33,491,056	871,302	82,280	35,248	<b>34,479,886</b>
Trading Activities	0	8,417	14,775	0	<b>23,192</b>
	<u>33,491,056</u>	<u>879,719</u>	<u>97,055</u>	<u>35,248</u>	<b><u>34,503,078</u></b>

### *The Collection*

#### Freehold land and buildings

	Freehold land and buildings £	Fixtures and fittings £	Office Equipment £	Assets Under Construction £	<b>Total</b> £
<b>Cost/valuation</b>					
Balance at 1 April 2004	31,646,613	2,525,947	204,814	0	<b>34,377,374</b>
Additions	0	238,544	93,456	35,248	<b>367,248</b>
Transfers	0	0	0	0	<b>0</b>
Disposals	0	(692,065)	(41,987)	0	<b>(734,052)</b>
Revaluation	<u>3,434,325</u>	<u>37,444</u>	<u>0</u>	<u>0</u>	<b><u>3,471,769</u></b>
<b>Balance at 31 March 2005</b>	<u>35,080,938</u>	<u>2,109,870</u>	<u>256,283</u>	<u>35,248</u>	<b><u>37,482,339</u></b>
<b>Depreciation</b>					
Balance at 1 April 2004	1,095,529	1,738,445	176,848	0	<b>3,010,822</b>
Charge for the year	404,923	132,643	39,140	0	<b>576,706</b>
Disposals	0	(692,065)	(41,987)	0	<b>(734,052)</b>
Revaluation	<u>89,431</u>	<u>59,545</u>	<u>0</u>	<u>0</u>	<b><u>148,976</u></b>
<b>Balance at 31 March 2005</b>	<u>1,589,883</u>	<u>1,238,568</u>	<u>174,001</u>	<u>0</u>	<b><u>3,002,452</u></b>
<b>Net book value</b>					
<b>Balance at 31 March 2005</b>	<u>33,491,055</u>	<u>871,302</u>	<u>82,282</u>	<u>35,248</u>	<b><u>34,479,887</u></b>
Balance at 31 March 2004	<u>30,551,084</u>	<u>787,502</u>	<u>27,966</u>	<u>0</u>	<b><u>31,366,552</u></b>

#### **Freehold buildings**

The Wallace Collection is housed in Hertford House, Manchester Square, London, W1U 3BN. The freehold title to this property was transferred to the Trustees of the Wallace Collection from the Secretary of State for the Environment on 22 December 1993 at its then net book value. The property was revalued at £28,500,000 on a depreciated replacement cost basis at 31 March 2001 by an independent surveyor in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, First Edition. The land and buildings were revalued using Treasury and Office for National Statistics indices respectively.

#### **10. Stock**

	<b>Group</b> <b>2004/05</b> £	Group 2003/04 £	<b>Collection</b> <b>2004/05</b> £	Collection 2003/04 £
Goods for resale	<u><b>195,771</b></u>	<u>179,522</u>	<u><b>63,012</b></u>	<u>62,584</u>

## 11. Debtors

	<b>Group 2005</b>	Group 2004	<b>Collection 2005</b>	Collection 2004
	£	£	£	£
Trade debtors	<b>136,077</b>	122,090	<b>14,332</b>	17,432
Other debtors	<b>7,939</b>	175,078	<b>7,939</b>	175,078
VAT debtors	<b>47,543</b>	0	<b>67,098</b>	0
Amount due from subsidiary	<b>0</b>	0	<b>295,882</b>	426,485
Prepayments and accrued income	<b>105,193</b>	41,403	<b>88,920</b>	35,265
	<b><u>296,752</u></b>	<u>338,571</u>	<b><u>474,171</u></b>	<u>654,260</u>

None of the above is expected to be received after more than one year.

## 12. Creditors: amounts falling due within one year

	<b>Group 2005</b>	Group 2004	<b>Collection 2005</b>	Collection 2004
	£	£	£	£
Trade creditors	<b>208,613</b>	99,716	<b>194,407</b>	93,023
Taxation and Social Security	<b>89,476</b>	6,743	<b>89,476</b>	6,703
Accruals and deferred income	<b>263,060</b>	339,808	<b>174,229</b>	283,659
	<b><u>561,149</u></b>	<u>446,267</u>	<b><u>458,112</u></b>	<u>383,385</u>

## 13. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	<b>Total March 2005</b>
	£	£	£
<i>Fund balances at 31 March 2005 are represented by:</i>			
Tangible fixed assets	2,184,823	32,318,255	<b>34,503,078</b>
Current assets	755,795	387,392	<b>1,143,187</b>
Current liabilities	(561,149)	0	<b>(561,149)</b>
<b>Total net assets</b>	<b><u>2,379,469</u></b>	<b><u>32,705,647</u></b>	<b><u>35,085,116</u></b>



**14. Statement of funds**

	Balance at 1 April 2004 £	Income £	Expenditure £	Revaluation £	Transfers £	Balance at 31 March 2005 £
<b>Unrestricted funds</b>						
<i>Designated funds:</i>						
Capital projects fund <sup>a</sup>	2,010,101	322,842	(194,879)	0	0	<b>2,138,064</b>
Revaluation Reserve	(7,438)	0	0	54,197	0	<b>46,759</b>
Curatorial Fund <sup>b</sup>	80,000	0	(80,000)	0	0	<b>0</b>
Boucher Fund <sup>c</sup>	50,000	0	(50,000)	0	0	<b>0</b>
Building Maintenance Fund <sup>d</sup>	50,000	0	(50,000)	0	0	<b>0</b>
General funds	212,845	3,587,203	(3,605,402)	0	0	<b>194,646</b>
<b>Total unrestricted funds</b>	<b>2,395,508</b>	<b>3,910,045</b>	<b>(3,980,281)</b>	<b>54,197</b>	<b>0</b>	<b>2,379,469</b>
<b>Restricted income funds</b>						
Capital reserve <sup>e</sup>	30,958,668	66,378	(392,875)	0	0	<b>30,632,171</b>
Revaluation Reserve	(1,582,514)	0	0	3,268,596	0	<b>1,686,082</b>
Security projects <sup>f</sup>	0	40,000	(40,000)	0	0	<b>0</b>
Conservation projects <sup>g</sup>	9,132	37,000	(20,000)	0	0	<b>26,132</b>
Arms and Armour projects <sup>h</sup>	13,678	50,000	(38,678)	0	0	<b>25,000</b>
Education fund <sup>i</sup>	0	124,250	(124,250)	0	0	<b>0</b>
Sculpture Catalogue <sup>j</sup>	578	0	0	0	0	<b>578</b>
New Publications Fund <sup>k</sup>	11,427	0	(11,427)	0	0	<b>0</b>
Gallery and Visitor Projects <sup>l</sup>	17,858	20,000	(37,858)	0	0	<b>0</b>
Gallery Refurbishment <sup>m</sup>	50,790	295,685	(13,724)	0	0	<b>332,751</b>
Trustees' Expenses <sup>n</sup>	0	5,000	(2,067)	0	0	<b>2,933</b>
Pay Restructuring <sup>o</sup>	11,750	100,000	(111,750)	0	0	<b>0</b>
Total restricted funds	29,491,367	738,313	(792,629)	3,268,596	0	<b>32,705,647</b>
<b>Total funds</b>	<b>31,886,875</b>	<b>4,648,358</b>	<b>(4,772,910)</b>	<b>3,322,793</b>	<b>0</b>	<b>35,085,116</b>

- a The Capital Projects Fund comprises the Collection's fixed assets received from unrestricted funds.
- b The Curatorial Fund was established by the Trustees to fund certain curatorial projects agreed but not committed to at year end.
- c The Boucher fund was established by the Trustees to ensure that the financial risk of the 2004-05 Boucher exhibition was mitigated as far as possible.
- d The Building Maintenance Fund was established by the Trustees to start to tackle the long standing maintenance backlog within Hertford House.
- e The Capital Reserve Fund represents the net book value of the property and other fixed assets received from restricted funds.
- f The Security Fund was created with two matched donations of £20,000 in order to speed up improvements to the security of the Collection in the light of thefts in the sector.
- g The Conservation Projects Fund was set up in 1998 with funding received from a number of sponsors specifically for conservation projects.
- h The Arms and Armour Projects Fund was set up in 1998 with a grant to make improvements to the display and public understanding of the Arms and Armour collection.
- i The Education Fund was established to manage additional funding in the form of a donation to assist with the cost of the Collection's educational activities. This was boosted in 2004-05 by an £80,000 donation from DCMS/DfES for strategic commissioning of e-learning and regional partnerships.
- j The Sculpture Catalogue reserve was set up with a donation to finance the research of a new sculpture catalogue.

- k The New Publications Fund receives donations to meet the considerable cost of researching and printing exhibition catalogues and other academic works.
- l The Gallery and Visitor Projects Fund receives donations to fund projects to monitor and improve the visitor experience.
- m The Gallery Refurbishment Fund was originally established to finance the Centenary Project and then the Billiard Room refurbishment and has now been expanded to fund the next set of gallery refurbishments.
- n Donations totaling £5,000 were received during the year to enable The Wallace Collection to make various payments for the benefit of the Wallace Collection including the reimbursement of certain Trustee expenses incurred on Collection business.
- o The Pay Restructuring Fund was established in 2002-03 to manage additional funding provided by DCMS for the purpose of facilitating a review of staff terms and conditions of employment. The recommendations of this review were implemented in 2004-05

## 15. Cash flow information

### a Reconciliation of changes in resources to net inflow from operating activities

	<b>2004/05</b>	2003/04
	£	£
Net (outgoing)/incoming resources for the year	<b>(124,552)</b>	519,091
Depreciation	<b>587,754</b>	564,933
Investment income received	<b>(32,134)</b>	(12,317)
Loss on disposal of fixed assets	<b>0</b>	48,777
(Increase)/decrease in stock	<b>(16,249)</b>	45,540
(Increase)/decrease in debtors	<b>41,819</b>	5,806
Increase/(decrease) in creditors	<b>114,882</b>	(441,216)
Net cash inflow from operating activities	<b><u>571,520</u></b>	<u>730,614</u>

### b Analysis of cash flows

	<b>2004/05</b>	2003/04
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	<b><u>32,134</u></b>	<u>12,317</u>

### Capital expenditure and financial investment

Payments to acquire tangible fixed assets	<b><u>389,221</u></b>	<u>710,970</u>
-------------------------------------------	-----------------------	----------------

### c Reconciliation of net cash flow to movement in net funds

	<b>2004/05</b>	2003/04
	£	£
(Decrease)/Increase in cash in the year	<b><u>214,433</u></b>	<u>31,961</u>
Movement in net funds in the year	<b><u>(214,433)</u></b>	<u>31,961</u>
Net funds at 1 April (note 15d)	<b><u>436,231</u></b>	<u>404,270</u>
<b>Net funds at 31 March (note 15d)</b>	<b><u>650,664</u></b>	<u>436,231</u>

### d Analysis of net funds

	1 April 2004	Cash Flow	<b>31 March 2005</b>
	£	£	£
Cash at bank and in hand	<u>436,231</u>	<u>214,433</u>	<b><u>650,664</u></b>

**16. Hertford House Marketing Ltd**

<b>Income and Expenditure Account:</b>	<b>2004/05</b>	2003/04
	£	£
Turnover	<b>956,817</b>	915,174
Cost of Sales	<b>(135,910)</b>	(145,052)
Gross profit	<b>820,907</b>	770,122
Administrative Expenses	<b>(445,779)</b>	(388,275)
Operating Profit	<b>375,128</b>	381,847
Interest Receivable	<b>9,614</b>	3,105
Contribution to The Wallace Collection	<b>(376,742)</b>	(384,952)
Net Profit before Tax	<b>8,000</b>	0
Tax	<b>0</b>	(40)
Net Profit (Loss) after Tax	<b>8,000</b>	(40)

<b>Balance sheet</b>	<b>2005</b>	2004
	£	£
Tangible Fixed Assets	<b>23,192</b>	12,266
Current Assets	<b>403,314</b>	477,133
Current Liabilities	<b>(418,475)</b>	(489,368)
<b>Net Assets</b>	<b>8,031</b>	31

	<b>2005</b>	2004
	£	£
Share Capital	<b>2</b>	2
Reserves	<b>8,029</b>	29
<b>Net Assets</b>	<b>8,031</b>	31

**17. Financial commitments**

At 31 March 2005 the Collection had annual commitments under non-cancelable operating leases for equipment as follows:

	<b>2005</b>	2004
	£	£
Between one and two years	<b>992</b>	0
Between two and five years	<b>3,833</b>	3,217
	<b>4,825</b>	3,217

**18. Financial Instruments:**

The Wallace Collection has no borrowings and relies primarily on departmental grants for its cash requirements. It is therefore not exposed to liquidity risks. It also has no material cash deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

**19. Capital commitments**

	<b>2005</b>	2004
	£	£
Authorised by the Trustees and contracted for	<b>750,000</b>	0

The capital commitments relate to the refurbishment of two galleries within The Wallace Collection. At year end the project had been agreed by the Trustees. The work will be funded by a combination of external donors and internal income generation activities.

## 20. Related party transactions

The Wallace Collection is a Non-Departmental Public Body of the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party. During the year the Wallace Collection has only one other significant transaction with other entities for which the Department is regarded as the parent Department. This related to the management charge of £17,684 paid to the Tate for the ticketing service provided by them for the Boucher exhibition.

None of the Trustees, members of the key management staff or other related parties have undertaken any material transactions with the Wallace Collection. One Trustee however is also the Chairman of the organisation that provided £108,000 sponsorship of the Boucher exhibition.

## 21. Performance Indicators

The Wallace Collection entered into a Funding Agreement with the Department for Culture, Media and Sport for the year 2004/05. The financial aims and targets for the year, together with the results, are given in the Annual Report (on pages 16-17 above).

## 22. Post year-end

There were no significant events after the year-end.

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