

MUSEUMS AND GALLERIES ACT 1992

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

**The Wallace Collection
Annual Report and Accounts 2007-2008**

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The Wallace Collection Annual Report and Accounts 2007-2008

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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 41). 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 II 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 1992 Museums and Galleries Act sets the overall statutory objectives for the Wallace Collection. Its wording is as follows:

“(4) So far as practicable and subject to the provisions of this Act, the Wallace Collection Board shall maintain the collection of objects known as the Wallace Collection and shall—

- (a) care for and preserve the objects in their collection;
- (b) secure that the objects are exhibited to the public;
- (c) secure that the objects are available to persons seeking to inspect them in connection with study or research; and
- (d) generally promote the public's enjoyment and understanding of fine and applied art both by means of the Board's collection and by such other means as they consider appropriate.”

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The Wallace Collection has absorbed and expanded these objectives to create the following list of ten core objectives:

The Wallace Collection aims

- I. To, above all, 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.
- II. To ensure the widest possible access to Hertford House and the Collections therein by continuing free access for all.
- III. To present Hertford House and the collection as an opulent family home, reflecting the spirit of the founders of the Wallace Collection, whilst making the works of art as accessible as possible to all without jeopardising the overall vision.
- IV. To promote the understanding of the Collection through research and publication, the creation of academic catalogues of the works of art, an exhibition programme that complements the Collection and heightens awareness of it, and a programme of academic activities that enhances the Wallace Collection's reputation as a centre of academic excellence.
- V. To continue as an academic powerhouse, at home and internationally, in eighteenth-century fine and decorative arts, eighteenth and nineteenth century collecting and Arms and Armour.
- VI. To reach out constantly to new audiences.
- VII. To make the best and most sympathetic use of new technologies to disseminate the understanding and appreciation of the Collection internationally, both in terms of its objects and the full range of its activities.
- VIII. To develop a strong, well-trained and motivated staff group to contribute to and achieve the Collection's objectives. To ensure that all staff have the necessary support and tools to ensure that they fulfil their potential.
- IX. To increase funds available to meet the Wallace Collection's objectives through sound financial management and income-generating activities which draw on and complement the essence of the Collection.
- X. To work with other like-minded institutions, nationally and internationally, including our Museum Network to promote each of their collections in furtherance of joint objectives.

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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.

In addition to the main Collection, the Trustees hold the Hertford House Historic Collection, a small collection of material relating to the history and study of the main collections, as well as a handling collection of objects used for teaching and demonstration.

Structure, Governance and Management

The Organisational Structure

The Board of Trustees of The Wallace Collection is responsible for the overall management and direction of The Wallace Collection. The Trustees are appointed by the Prime Minister and are responsible to him or her through the Department for Culture, Media and Sport (DCMS). The Director of The Wallace Collection is responsible to the Board of Trustees and is accountable to the DCMS for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is to establish The Wallace Collection's policy, review performance and endorse appointments to key management positions. The chief role of Trustees is to assist the Chairman in meeting the Board's overall responsibilities, in accordance with the policies of the Secretary of State. Trustees offer guidance and expertise to the Chairman on The Wallace Collection's strategy and its practical implementation.

The only Trustee sub-committee is the Audit Committee.

The group of senior managers reporting to the Director within The Wallace Collection is the Senior Management Team. This group is made up of the three Assistant Directors of The Wallace Collection, responsible for the three distinct areas of Collections, Development and Marketing and Finance and Operations. The Senior Management Team is accountable to the Board of Trustees and DCMS. It is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining The Wallace Collection values.

Each Assistant Director is supported by a number of Department heads who are responsible for discrete areas of activity within the Collection. These managers meet on a monthly basis.

Trustee Appointments

The minimum number of Trustees is set at six, and although there is no maximum, numbers have fluctuated over time between seven and eleven. At year-end the total was eleven. Trustees are appointed by the Prime Minister. The Chairman recommends nominees, no fewer than two at a time, to the DCMS and No. 10 after consultation with the other Trustees and the Director. Traditionally, the Prime Minister chooses from among the names put forward, and appointments are apolitical. The procedure is subject to the recommendations of the Nolan report.

Appointments are for not more than four years in the first instance, but with the option of reappointment.

Trustees can resign by notice in writing to the Prime Minister.

The Trustees appoint their own Chairman, who normally serves until retirement from the Board. The Chairman can resign as Chairman by notice in writing to the Board.

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Trustees receive appropriate training on appointment, including receipt of a detailed Handbook setting out their responsibilities.

Volunteers

The Wallace Collection each year has a small number of opportunities for volunteer and intern positions. These vital volunteers help in curatorial, conservation, education and occasionally other departments. The Wallace Collection also has a long tradition of using highly knowledgeable guide lecturers to take group tours of the collection. We would not be able to function as effectively or inform the public so well without the support of these selfless individuals.

Relationship between the Charity and Related Parties

The Wallace Collection is an executive Non Departmental Public Body whose parent body is DCMS. DCMS is regarded as a related party. Details of related party transactions are contained in note 19 to the Accounts.

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.

During the year Dr Christoph Vogtherr, currently Curator of French and Italian Paintings at the Prussian Castles and Gardens Authority, Potsdam, joined the Collection as our new Curator of Pictures pre-1800. Dr Vogtherr is an authority on French 18th-century painting and has recently completed a catalogue of the very important groups of paintings by Watteau, Lancret and Pater in the collections of the Prussian Castles.

Work continued during the year on a number of collections catalogue projects. Suzanne Higgott was granted a period of four months study leave to work on the catalogue of Renaissance Limoges Enamels and Glass. The three-year position of Peter Marino Research Assistant, generously funded by Mr Marino, was created in order to provide Jeremy Warren with research assistant support for his work on the new catalogue of Sculpture and Leda Cosentino was appointed to the post. Mr Charles Truman was appointed to write the catalogue of Gold Boxes in the Wallace Collection, funded by S.J. Phillips Ltd.

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Galleries

This year once again saw a great deal of activity around the galleries. Preparations for the next phase of Gallery refurbishment began, in particular the reconfiguration of the Gold Box Corridor to provide a slightly larger space in which the Collection's gold boxes will be shown together with the 18th-century miniatures. Our architect John O'Connell has worked closely with the museum designer John Ronayne to overcome the lighting and other technical challenges posed by this project. This phase of work, which is expected to begin in summer of 2008, will also encompass the Boudoir, the West Room and, it is hoped, the Landing. Pending the works, the gold boxes were temporarily re-displayed with the Sèvres porcelain and the Augsburg silver-gilt travelling service was temporarily displayed in the Porphyry Court.

New picture lights were installed for four paintings hanging on the Landing, Boucher's two *Pastorals* (P482 and P489) and two *fêtes galantes* by Pater (P426 and P406). The portrait of the Ara Family by Bartholomeus van der Helst (P110), transformed by its recent conservation, was re-hung in the Great Gallery and Adriaen van der Veldes's *Jacob's Journey* (P80) was moved to a new location in East Galleries III. Two large paintings by Watteau (P391 and P416) were moved to the Billiard Room, where they complement well the two important paintings by François Lemoyne, *Perseus and Andromeda* (P417) and *Time saving Truth* (P392) which were also conserved during the year.

The Louis XV almanacs (F64-67) were installed in the Small Drawing Room, in shadow boxes specially constructed by Stephen Craig. Italian Eighteenth-century paintings, furniture and decorative arts were installed in the West Gallery which will be refurbished as the Venetian Gallery in a successive phase of refurbishment.

The Renaissance and early 17th-century miniatures, including Horenbout's *Hans Holbein the Younger* (M203) were moved into the case in the Sixteenth-Century Gallery containing wax sculptures, where they sit more happily with the other collections. We also moved King Henri IV's dagger (A790), given by the City of Paris to the King on his marriage to Marie de'Medici in 1600, to the Smoking Room where it is now at the centre of a group of medals of the King and Queen. This was the first in a small number of planned moves, which will gently improve the flow between the Armouries and the two Medieval and Renaissance galleries.

The three marble portrait busts of the Founders of the Collection, which had previously languished at the back of the Entrance Hall, were moved to more prominent positions at the entrance, as part of continuing efforts to explain better to our visitors the origins and history of the Collection. They now link much better with other works of art relating to the Founders on display in the Front State Room. One other useful by-product of this move was that it has created a small space under the main staircase where we hope to establish a small IT-point where visitors can consult Wallace Live.

We were forced to close European Armouries II and III for an extended period. The early 20th-century elaborate plaster ceiling in Armoury III was judged unsafe and had to be

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replaced. This work was completed in April 2008 and the collections will be moved back in the course of summer 2008. Decanted collections were partly moved to other galleries in Hertford House and otherwise temporarily moved into European Armoury II which, as a result, also had to be closed. This had the beneficial side-effect of allowing us to set up a photo studio in European Armoury II and to make faster progress with completion of the ambitious project to re-photograph all the European Arms and Armour, a project largely completed by April 2008.

The long-running programme of equipping all cases and all potentially vulnerable ex-case works of art with radio-telemetry alarms was completed. All visitor seats on the Ground and First Floor were repaired and re-upholstered, in red leather on the Ground Floor and in green leather on the First Floor.

A highly important early Chinese bronze *fangjia* wine vessel and cup from the outstanding collection of Chinese bronzes at our regional partner Compton Verney was displayed in the special case in the Porphyry Court during March-April 2008, was part of our participation in the China in London Festival. A group of Chinese works of art in the Wallace Collection from the Reserve Collection, including two Imperial-quality Qianlong period gold wine cups (IA17-18) were displayed for three months in the Sixteenth-Century Gallery.

Exhibitions

The full list of Temporary Exhibitions shown during 2007-08 is at Annex C.

This year was probably our most important in terms of the quality of our exhibitions. It got off to a superb start with *Xanto: Pottery-painter, Poet, Man of the Italian Renaissance* (25/01/2007 - 15/04/2007) curated by the renowned authority on Renaissance maiolica, John Mallet. It was the first exhibition ever devoted to the fascinating maiolica painter Francesco Xanto Avelli (c.1486-c.1542) who worked mainly in Urbino. Besides being an artist, he was also a poet who dedicated a remarkable sequence of sonnets to the soldier Duke of Urbino, Francesco Maria Della Rovere. With loans from major British and Italian collections (including the British Museum, V&A, Cambridge, Oxford, Arezzo and the Vatican Library) this exhibition made a real contribution to the study of Renaissance Italy. It was enormously gratifying that its catalogue was crowned by the presentation of the highly prestigious AXA/Art Newspaper Catalogue of the Year award.

We then had a fascinating exhibition of work by a contemporary artist: *Fragmented Images: New Art Works by Charlotte Hodes* (03/05/07 – 24/06/2007) comprising ceramics and paper cut-outs of great beauty and originality. Charlotte, who had been the Wallace Collection's Associate Artist since 2005, was awarded the Jerwood Prize for drawing shortly before the exhibition opened. All her work on display was inspired by art in the Wallace Collection, particularly the Sèvres porcelain and the paintings by Watteau and his followers.

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Renaissance Silver from the Schroder Collection (12/07/07 – 14/10/07) brought to Hertford House one of the finest collections of medieval and Renaissance silversmiths' and goldsmiths' work in private hands. Mainly formed between 1870 and 1930, the collection includes masterpieces from princely collections, church treasuries and civic institutions, particularly in Germany and Italy. Many incorporate rare or exotic materials such as polished nautilus shells, early Chinese porcelain and carved rock crystal. The exhibition benefited from generous financial support from the Schroder Foundation and was curated by his nephew Timothy Schroder who, with Deborah Lambert, wrote the beautiful and scholarly catalogue.

The exhibition *Theatres of Life: Drawings from the Rothschild Collection at Waddesdon Manor* (08/11/07 – 27/01/08), brought works from one of the Wallace Collection's partners in the Museum Network to Hertford House. Curated by Juliet Carey, a curator at Waddesdon, it comprised superb drawings by many of the major French draughtsmen of the 18th and 19th centuries, including Boucher, Fragonard, Greuze, Lancret, the Saint-Aubins, Boilly, Eugène Lami and Delacroix. It too was accompanied by a very attractive scholarly catalogue.

Masterpieces from the Louvre: The Collection of Louis La Caze (14/02/08 – 18/05/08) has been the Wallace Collection's first collaboration with the Louvre. Comprising pictures from the greatest bequest of paintings ever received by France's most important museum, it consisted of seventeen paintings, all acquired by Louis La Caze (1798-1868), a doctor who was a rival collector in Paris of the 4th Marquess of Hertford, the father of Sir Richard Wallace. Included were splendid works by, among others, Watteau, Chardin, Boucher and Fragonard as well as one of the most famous of 17th-century Spanish paintings, Ribera's *A Young Beggar (Le Pied-Bot)*. The choice of exhibits was made with a particular concern to complement the paintings in the Wallace Collection. It is gratifying to note that this has been the most popular of the exhibitions we have held in the exhibition galleries (created in 2000) with an average of nearly three hundred visitors a day.

These exhibitions were supplemented by a couple of displays and installations in the main galleries of Hertford House. The first of these was *Bagatelle Parallel*, an installation on the Landing and above the porte-cochère for Architecture Week by the contemporary artists Brook and Black, which looked at the similarities as working buildings of Hertford House and Bagatelle, the residence of Lord Hertford and Sir Richard Wallace in the Bois de Boulogne. The second was Fragonard's *The Fountain of Love: Two Masterpieces Compared* which brought together the Wallace Collection's version (P394) of Fragonard's picture with a slightly earlier (and more 'rococo') version from the Getty Museum. Both had been cleaned by Mark Leonard, the Getty's chief paintings curator who is also a member of the Wallace Collection's conservation panel. (Thanks are also due to the National Gallery for providing studio space for Mr Leonard while he treated the Wallace Collection's picture.)

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Publications

At a ceremony at Tate Modern on 21 November 2007, we were delighted to receive the 2007 Axa Insurance/Art Newspaper Award for the Exhibition Catalogue of the Year in the United Kingdom and Ireland, for the catalogue for *Xanto: Pottery Painter, Poet, Man of the Italian Renaissance*. The award received its biggest ever entry of more than 180 catalogues and the *Xanto* catalogue beat stiff competition from other major London nationals. The judges praised the exhibition, curated by John Mallet, for its 'sheer intellectual ambition' and for its success in bringing a hitherto little-known Renaissance artist vividly to life. The award was a huge vindication for the Collection's policy of including in our programme exhibitions based on serious new scholarship. The £5,000 prize will be used to help improve the Renaissance maiolica displays.

We published *Auctions, Agents and Dealers*, the proceedings of a conference held in December 2003 at the Wallace Collection, and containing 14 papers covering a wide variety of topics concerning the art market and collecting in Britain and Europe during the 17th -19th centuries. The volume was published for us by Archaeopress as part of its Studies in the History of Collecting series.

Only one exhibition catalogue was published by the Collection this year, the fully-illustrated catalogue by Timothy Schroder accompanying the exhibition *Renaissance Silver from the Schroder Collection*, published for us by Paul Holberton Publishing.

A new 5th edition of our current guidebook was published. We also re-printed Jo Hedley's *François Boucher: Seductive Visions*.

The Collection re-published a small booklet, *The Wallace Fountains of Paris* by Alan Sykes, first published privately in 2003 and discussing the fountains presented by Sir Richard Wallace to the city of Paris, including the locations of surviving examples.

The New York architect Peter Marino made a generous commitment to the new sculpture catalogue, allowing the appointment of a research assistant for Jeremy Warren.

A full list of publications by Wallace Collection staff during the year is at Annex B.

History of Collecting and Other Academic Seminars

The Wallace Collection continued 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.

Nine further seminars in the History of Collecting series were held during the year:

- 21 May, Susan Jenkins, Apsley House, *James Brydges, 1st Duke of Chandos and his collections*
- 18 June, Lynda McLeod, Christie's Archives, *James Christie and his Auction House: the early years 1766-1850*

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- Suzannah Avery-Quash, Cambridge University, *The Travel Notebooks of Sir Charles Lock Eastlake (1793-1865)*
- 10 September, Ketty Gottardo, Victoria & Albert Museum, *Francesco Barberini's graphic collection and its connection to Cassiano dal Pozzo's Paper Museum*
- 15 October, Jason Herrick, National Gallery of Art, Washington. *Perregaux and Séguin. Collecting Paintings in Paris during the Revolutionary Period*
- 26 November, Suzanne Higgott, Wallace Collection. *Henry Danby Seymour (1820-1877) – the multi-faceted life and art collection of a Victorian Gentleman*
- 28 January 2008, Paul Quarrrie, Maggs, *The Library of the Earls of Macclesfield*
- 25 February, Anne-Marie Eze, Courtauld Institute, *The Abbé Celotti and the trade in illuminated manuscript cuttings in the early 19th century*
- 31 March, Simon Chaplin, Royal College of Surgeons, *Anatomy and the 'museum economy' in London, 1750-1800*

A second Autumn series of Furniture seminars was organised by Eleanor Tollfree:

- 26 October, Claire Jones, Former Keeper of Furniture, The Bowes Museum, now working on a PhD at the University of York/Henry Moore Institute, Leeds. *Furniture and sculpture in nineteenth-century France: work in progress*
- 9 November, Olivier Gabet, Curator, Objets d'Art, Musée D'Orsay. *Designing furniture, ornament and décor in the nineteenth century: the case of Eugène Prignot (1822- after 1875) and his visual culture*
- 23 November, Matthew Winterbottom, Curator of Decorative Art, Holburne Museum of Art, *A japanned cabinet at the Holburne Museum of Art*
- 10 December, Daniëlle Kisluk-Grosheide, Curator, Department of European Sculpture and Decorative Arts, Metropolitan Museum of Art. Special Christmas seminar on *A bed for two dukes: recent discoveries and the conservation of a late-eighteenth-century lit à la duchesse and other French furniture at the Metropolitan Museum of Art*
- 12 December, Daniëlle Kisluk-Grosheide. Lunchtime lecture, *Refurbishing the Wrightsman Galleries of Eighteenth-Century Decorative Arts at the Metropolitan Museum of Art*

On 13 March 2008 we hosted a one day conference on the collecting of 18th-century art in Europe in the 19th century, 'Delicious Decadence: The rediscovery of French 18th-century painting in the 19th century'. This was part of the programme of events organised to coincide with the La Caze exhibition and was organised jointly with colleagues at the Louvre, another example of the benefits we have had from this collaborative venture. We plan to publish the papers of the conference through Ashgate Publishing.

Acquisitions and Loans

During the year we acquired a fine Louis XVI frame for Greuze's *Girl with Doves* (P428) and a beautiful Louis XV frame for Boucher's *Madame de Pompadour* (P418), bought for us by an anonymous benefactor. The vendor of the frame, Cadres Lebrun of Paris, also assisted its acquisition with a generous reduction in the original price.

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Hertford House Historic Collection

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 Hertford House Historic Collection.

The most important acquisitions this year were:

- a portrait, oil on canvas, of Sir Francis Watson (1907-1992), former Director of the Wallace Collection, painted c.1930 by William Redgrave (1903-1986) (2007.307). Presented by John and Eileen Harris, to whom the portrait had been given by Francis Watson many years before. The watercolour portrait of Watson already in the Hertford House Historic Collection (bequeathed some years ago by Catherine Norman, 2007.1) is a study for this oil.
- A painting, oil on canvas, by Walter Bayes (1869-1956) entitled *Gian Bologna in Manchester Square*, painted perhaps in the 1930s and depicting three of the bronzes after Giambologna in the Collection, with a view from the Fernery onto Manchester Square. Presented by Mr Daniel Katz (2007.296).

Handling Collection

The executors of Ms Ann Hirschfield gave the Collection a group of 19th-century Meissen porcelain pieces for the ceramics handling collection, which Ms Hirschfield had inherited from her mother, a member of the Schwarzschild banking family of Frankfurt-an-der-Main.

Partnerships

This year has seen another busy year for the Museum Network partnerships between the Wallace Collection and the Bowes Museum, Compton Verney, the Holburne Museum of Art and Waddesdon Manor. A number of joint projects spanning education and eLearning, exhibitions, conservation and marketing have taken place this year, despite the geographical distances between the organisations.

Education

The Museum Network has continued to use DCMS/DCSF Strategic Commissioning funding to develop a series of successful schools' projects, new eLearning resources and community projects in 2007/08.

On-Site Projects

Over the year all partner museums have participated in a series of on-site projects, which have engaged school groups ranging in age from 4 to 18 years old. They have also offered workshops for Architecture Week (18-22 June 2007), the 'Naked Bodies' life drawing workshop for Key Stage 5, 'Vive la France' French speaking sessions for Key

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Stage 1 and 2 pupils, 'Landscapes in Art' for 11 to 14 year olds and a variety of Storytelling workshops for Primary school pupils. Over the year 3,568 school children participated in Museum Network projects. These workshops have also led to a number of beneficial outcomes for the Museum Network, including a practice sharing event for Storytelling workshops held at Compton Verney in October 2007. Such has been the success of these projects that many of the partners have assimilated them into their own annual education programmes.

eLearning

November 2007 saw the launch of the 'Material World' eLearning resource for Primary school pupils (www.museumnetworkuk.org/materials). The website was launched on 7 November at the launch event for the *Theatres of Life: Drawings from the Rothschild Collection* exhibition at the Wallace Collection. Since then the new resource has been publicised through an eFlyer to 16,000 schools and has been added, with the three other eLearning resources, to the 'Curriculum Online' resource for teachers. 'Material World' was also featured by the 24hourmuseum's 'Show Me' website in March 2008. All our current eLearning resources are available through the Museum Network website www.museumnetworkuk.org. In 2007/08 the Museum Network had 22,026 sustained visits to the website and eLearning resources.

Community/New Audiences

A number of themed Family Events were held across the partner sites ranging from 'Georgian' days to an Art Nouveau event. These family days were a great success with approximately 5,131 visitors attending events across all five museums.

The Wallace Collection has continued with a number of community projects engaging with Special Educational Needs, play schemes, the visually impaired, refugees and asylum seekers and young homeless people. In doing so it has continued to provide advice and support to Museum Network partners wishing to engage in projects with community groups. The announcement of the continuation of Strategic Commissioning funding into 2008/09 will enable the Museum Network to develop plans for community work across the partnership by advertising for the post of 'New Audiences Officer'. This new role within the Museum Network will enable the coordination of community projects across the partner sites.

Conservation

A superb japanned cabinet on a carved silver stand made in London c.1695-1700 and allocated to the Holburne Museum in 2006 by H.M. Government under the Acceptance in Lieu (AIL) scheme is being restored by the Wallace Collection's Conservation Department. The cabinet is actually in good condition and only requires minor restoration work, but it is a rare survival from its period and the opportunity is being taken to examine it closely in order to understand the techniques used in its manufacture.

Exhibitions and Displays

An advantage of the Museum Network for the regional partners is the opportunity to display parts of their collections or share an exhibition at the Wallace Collection. In the

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period covered by this report *Theatres of Life: Drawings from the Rothschild Collection*, organised by Waddesdon Manor, was shown at the Wallace Collection.

There has also been the first of what we hope will be a series of displays of a single object from one of the partner museums in a display case in the Wallace Collection's Porphyry Court. The first object, chosen to mark the *China in London* festival and on display in March and April 2008, was a superb bronze wine vessel (fangjia), made during the Late Shang dynasty (13th-11th century BC) recently acquired by Compton Verney.

Network Marketing Forum

There have been three meetings of the marketing forum in this period. The purpose of the meetings is to exchange views, ideas and information on trends, and projects and to identify joint marketing initiatives. Proposed work for 2008 is as follows:

- A joint marketing leaflet with an incentive to visit another museum partner by offering visitors a 2 for 1 offer on ticket entry or a discount in the shop or restaurant at the Wallace Collection and Waddesdon Manor. It is hoped that this leaflet will be in circulation at all venues in time for June 2008.
- E-communications -The forum is looking at joint e-marketing campaigns using each museum's database.
- Discussions will take place to explore the value of a joint adult event campaign based on Mistresses or Lords and Ladies, or themes from the e-learning modules.

Other developments

This year has seen a number of developments to benefit staff of the Museum Network partners. A staff directory has been created to enable more straightforward communication between members of staff at the partner museums. This year has also seen an agreement allowing all members of staff from partner museums to have free entry to all Museum Network sites.

We continued to develop links with Lisburn in Northern Ireland, the centre of the once extensive Seymour-Conway estates in the Province. In November 2007 Jeremy Warren gave the address at an event to celebrate the second birthday of the Richard Wallace Trust, which aims to promote awareness of Sir Richard Wallace in Northern Ireland. He also visited the Wallace High School and addressed children who had just undertaken a number of activities during the school's Richard Wallace Week. Emmajane Avery and Emma Bryant subsequently also visited Lisburn to discuss ideas for future collaboration on educational programmes.

Collections Information & Digital Programmes Department

Work continued on MuseumPlus, the Wallace Collection's Collections Management System (CMS), procured in 2006. The CMS assists with internal management of the collection and is also the repository for collections information published on the Internet via Wallace Live. In 2007/08 the Exhibition, Literature and Conservation modules were implemented and work has begun on a 5 year content development plan both for collections management purposes and public access via Wallace Live.

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Wallace Live, collections online, was successfully launched at a press breakfast on 7th November and more formally on the evening of the 8th November at the *Theatres of Life* exhibition opening. To date 47% of the collection is available to search online. Wallace Live contains a number of features including simple and advanced searching, predefined *Collection Highlights* and *Quick Find* lists for users not familiar with our collections and the ability to browse featured works of art in *Gallery by Gallery* or explore themes in *Insight Tours*. All information and images are licensed for personal and educational use. We were congratulated by a number of professional colleagues for our achievement in moving from procurement to successful on-line launch in just three years.

The Collections Information Manager began to co-ordinate the museum's MLA Accreditation Scheme application, due in 2008-09, liaising with key staff in all areas gathering information requirements for the four sections of the standard: Governance and Museum Management, User Services, Visitor Facilities and Collections Management. The scheme requires a number of key policies and documents to be in place and available for inspection such as the museum's Acquisition and Disposal Policy and the Emergency Plan and Documentation Procedural Manual.

The Documentation Assistant completed the retrospective documentation of over 630 Hertford House Historic Collection objects on MuseumPlus. Completing this work is a major contribution to our Accreditation preparations. A selection of Hertford House Historic Collection records will be authorised for web publication. Highlights include Richard Cosway's miniature portrait Maria Fagnani, 3rd Marquess of Hertford, Francis Chantrey's Bust of the 2nd Marquess of Hertford and the recently acquired Walter Bayes 'Gian Bologna in Manchester Square'.

Picture Library income was down this year in comparison to previous years. This was in part due to staff turnover, and also a downturn in the publishing industry that has had a knock-on effect on picture supplying industries. Additionally, this year has seen the introduction by many national museums of a new academic policy that offers the academic community discounted or free supply of images. Although this policy may have an effect on income, it was decided that supporting scholarly research and publication was a core objective, and that offering these special rates would keep the Wallace Collection in line with many of the other national museums.

The Picture Library has been accepted as members of the British Association for Picture Libraries and Agencies (BAPLA), the Association for Historic and Fine Art Photographers (AHFAP) and the London Filming Partnership scheme managed by Film London.

Research has begun into how the Picture Library can work with agencies and print suppliers to maximise income in the coming years. Work is also underway to audit and catalogue the growing image collections.

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The Photography Project has continued throughout this year, focusing on completing the European Arms & Armour collection. By the end of March almost the whole of the collection of some 1,350 objects in the European Arms and Armour collection had been re-photographed, a major step forward in our objective of holding high-quality digital images of all works of art in the Collection.

The team of Documentation Assistants completed their 12 month contracts in early 2007. In August 2007 the Picture Librarian resigned and the opportunity was taken to restructure creating a single department merging Picture Library, Photography Project and Wallace Live as Collections Information and Digital Programmes.

Conservation

The Conservation Department enjoyed a busy but rewarding year, which (besides the normal run of conservation work) saw its staff closely involved in the first floor gallery re-display programme, and in the continuing programme of special exhibitions. This year saw the completion of much remedial furniture conservation in the galleries, addressing 'minor' repairs, such as lifting brass/turtleshell marquetry on Boulle furniture, that are easily put off to another day yet which cumulatively can create the appearance of neglect. The intensive programme of cleaning of armour as part of the major European Armour Photography and Cataloguing project, which has absorbed much of the resources of the Department for nearly two-and-a-half years, was virtually completed, with only staff-weapons still to be dealt with. As a result of this work, the contents of the European Armoury are now in better condition than at any time in the last 50 years.

Elsewhere in the arms and armour collection, the dismantling and re-mounting of our iconic 15th-century 'Gothic' equestrian armour (A21) by outside-contract specialist display-technician Toby MacNicol, working in conjunction with the Collection's curator and conservators, was undertaken. In order for contractors to begin work replacing its ceiling, the entire contents of European Armoury III had to be decanted and distributed through other galleries or packed and stored in the adjacent European Armoury II. Planning for the re-installation of Armoury III by autumn 2008 is under way.

In April 2008 our metals conservator Deborah Lee left the Wallace Collection after nearly ten years service, for family reasons and to start a new career in private practice. UCL conservation intern Beth Werrett's period of volunteer work in the Department ended in October 2007, but after an internal competition and interview she was taken onto the staff on a part-time basis for six months, on short-term contract until the end of April 2008, to see the European Armoury Photography Project through to its end. The Department welcomed five interns during the year, from the UK and Germany.

In the Conservation Gallery, new 'Marquetry Furniture Techniques' graphic panels were installed as part of the permanent displays. The successful "Construction and Techniques of Renaissance Silver" exhibition was replaced by "Lunar Landscapes: the Metallurgy of Armour". This in turn was followed by "Re-igniting Splendour: the Cleaning and Conservation of a Pair of Chinese Incense Burners", a display describing

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the cleaning and conservation of a monumental pair of Chinese ‘temple’ Incense Burners (OA2367-8), wrought entirely of copper and decorated overall with intricate and colourful designs in cloisonné enamel. This exhibition was mounted as part of the Mayor of London’s 2008 Chinese-themed festival of culture, ‘China Now’.

In May 2007 senior furniture conservator Jürgen Huber both attended and lectured at the 2nd Scandinavian Symposium on ‘Furniture Technology & Design, Marquetry Past and Present’, at the Vadstena Klosterhotel Vadstena in Sweden. Jürgen also accompanied our Furniture Curator Eleanor Tollfree on a successful research trip to Berlin, to study several 18th-century commodes by the German cabinet-maker Johann Fiedler, prior to commencing the conservation of our own commode by Fiedler (F521), the only known example of this cabinet maker’s work in a UK collection. In September 2007, he was one of only twelve delegates from around the world selected to attend the 5th International Symposium on Urushi Lacquer in Japan, organized by N.R.I.C.P.T. (the National Research Institute for Cultural Properties, Tokyo), and I.C.C.R.O.M. (the International Centre for the Study of the Preservation and Restoration of Cultural Property, Rome). All the papers delivered at this symposium are being published by I.C.C.R.O.M. Meanwhile, also in September Armoury/metals conservators David Edge and Deborah Lee delivered peer-reviewed papers at the week-long conference marking the 2007 Interim Meeting of the I.C.O.M.-C.C. Metals Working Group in Amsterdam, both papers being chosen for publication in the conference post-prints.

In May 2007, Jürgen Huber travelled to Riyadh in Saudi Arabia to work on a freelance basis as a conservation consultant at King Faisal’s Palace. David Edge acted as Expert Advisor at an Export Licence Review Board committee meeting in July, which agreed to recommend a stop on the export of an extremely important 17th-century English flint-lock long-gun, eventually acquired for the Nation by the Royal Armouries in Leeds. Deborah Lee undertook an assessment of the conservation needs of the arms and armour at Firle House in Sussex; of particular historical interest is the armour worn by a member of the family, Henry Gage, at the Eglinton Tournament in 1829. Deborah was also engaged by the Trustees of Belmont House in Faversham, Kent, to advise on the conservation of metalwork, arms and armour, and by Canterbury Museum in Kent to advise on the conservation and storage of arms and armour in their collections.

The Department continued to play an active role in conservation science, research, and analysis. Having undergone some training in its use, we are now looking forward to using the Collection’s newly-acquired X-ray Fluorescence scanner, which will enable curators and conservators alike to benefit from the in-house surface analysis of materials. In December 2007 the Wallace Collection’s honorary Archaeometallurgist Dr. Williams attended a Symposium on ‘Managing Material Change’, a two-day symposium funded jointly by the Arts and Humanities Research Council (AHRC) and the Engineering and Physical Sciences Research Council (EPSRC), as part of the government’s new Science and Heritage Programme. The Collection is increasingly acting in collaboration with fellow-museums and other institutions; recently, for example, assistance was given to the Science Museum in the creation of their new exhibition on ‘Damascus’ watered steel, an area of research in which Wallace Collection metals conservation staff have developed a

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particular interest. In-house metallurgical analysis was carried out on a number of Wallace Collection specimens, 31 specimens from other collections (including the *Hofjagd-und-Rüstammer* in Vienna, the Armoury collection of the Nizams of Hyderabad in Chowmahalla palace, India, and the Victoria & Albert Museum, London), and 9 specimens from private and other collections. Additionally, the Wallace Collection and the C.N.R.S. (*Centre Nationale de la Recherche Scientifique*) have embarked upon a collaborative project involving the analysis of slag inclusions in armour, carried out on our behalf by Professor Philippe Dillman at the Soleil synchrotron outside Paris. In February 2008 the Collection was visited by Dr. Heinrich Piening from the Centre of Furniture Conservation and Restoration, Bayerische Verwaltung staatlicher Schloesser, Gaerten und Seen, Munich, Germany, to carry out non-destructive analytical tests on various items of furniture. Dr Piening gave a special lecture at the Wallace Collection on his revolutionary new techniques, which was attended by over 60 scholars in the field. Finally, the Wallace Collection was awarded a significant British Academy grant towards a scientific investigation of the metallurgy of Renaissance jousting armour, and the measurement of the forces involved in resisting lance-impacts. It is intended that this work will be carried out by Dr. Williams, David Edge and our Curator of Arms and Armour Dr. Tobias Capwell, later this autumn.

Although the Conservation Department's principal concern must be the treatment of the Wallace Collection's own collection, we do on occasion agree to take on work on behalf of other museums, notably our regional partners in the Museum Network. Throughout the year we worked on the conservation of a magnificent and rare late-17th century English japanned cabinet on stand, on behalf of the Holburne Museum in Bath. This cabinet is now on exhibition in the Chinoiserie exhibition at the Royal Pavilion complex at Brighton until November 2008, after which it will return to us, to feature in a special Wallace Collection exhibition in the Conservation Gallery.

Library and Archives

This has been a busy year for the library. There were 304 visitors to the Library and 250 enquiries received by letter, telephone and e-mail. 877 new and antiquarian books were acquired, 251 more than in the previous year.

The retrospective cataloguing project continued alongside the acquisition and cataloguing of new material, with 1854 books catalogued. Areas thus far catalogued include: Sèvres Porcelain, Ceramics, Painting monographs, Enamels, Decorative Arts-Materials and Techniques, with Sculpture to be completed shortly.

We continued to find that we are ahead of other art libraries in London in the acquisition and cataloguing of new publications in our collecting areas, and the number of visitors who come to us to read publications unavailable elsewhere continues to increase, which is gratifying. This type of visitor tends to comprise academic researchers, teaching staff, or postgraduate students.

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The Birkbeck MA course in Decorative Arts and Historic interiors in Britain and France finished last September. We are currently providing services to students from the IESA MA Course, 'History and business of art and collecting in Paris, London, Florence, Brussels and Maastricht'. The Courtauld/Wallace Collection MA did not run in 2007-08 but is expected to resume in 2008-09.

Major acquisitions of antiquarian books included:

- *Le Cabinet de la Bibliothèque de Sainte Geneviève : Divisé en deux parties. Contenant les antiquitez de la religion des Chrétiens, de Egyptiens, & des Romains; de tombeaux, des poids & des médailles; des monnoyes, des pierres antiques gravées, & des minéraux; des talismans, des lampes antiques, des animaux les plus rares & les plus singuliers, de coquilles les plus considérables, des fruits étrangers, & quelques plantes exquises* Par le R.P. Claude du Molinet. Paris : Chez Antoine Dezallier, 1692.
- *Meubles et objets d'art des XVI-XVI-XVII siècles*: [Collection Moreau], Paris: Goupil et Cie., 1871 (a photographic album)
- *Album* [manuscript] Anatole de Demidoff. Album consisting of 6 manuscript leaves and 27 engravings (with different imprints) drawn by David Roberts and engraved by different artists, representing various towns and places in the world. The engravings are pasted on album leaves.
- Sale catalogue: *Palais de San Donato*, 11-13 Mars, 1880, annotated by Prince Paul Demidoff
- *Oeuvres d'Étienne Falconet : contenant plusieurs écrits relatifs aux beaux arts, dont quelques-uns ont déjà paru, mais fautifs: d'autres sont nouveaux*. Lausanne : Société Typographique, 1781. 6 volumes.
- *La Font de Saint-Yenne, Réflexions sur quelques causes de l'état présent de la peinture en France : avec un examen des principaux ouvrages exposés au Louvre le mois d'août 1746*. À La Haye : Chez Jean Neaulme, 1747.
- *Réflexions sur la peinture et la gravure: accompagnées d'une courte dissertation sur le commerce de la curiosité et les ventes en général: ouvrage utile aux amateurs, aux artistes et aux marchands* par C. F. Joullain fils aîné. À Metz :De Imprimerie de Claude Lamort ;Se trouve à Paris: Chez Demonville ... Musier ...,1786.
- *Sentimens sur la distinction des diverses manières de peinture, dessein & graveure, & des originaux d'avec leurs copies :|bensemble du choix des sujets, & des chemins pour arriver facilement & promptement à bien pourtraire* par Abraham Bosse. À Paris: Chez l'Autheur, 1649.

Another purchase of note were two portfolio sized sale prospectuses dated 1869 and 1884, of the estate of Sir Samuel Rush Meyrick at Goodrich Court in Herefordshire, which once contained his important collection of European arms and armour. They are not only valuable documents which relate to our arms and armour collection, but attractive items in their own right, with elaborate typography and engraved illustrations.

Lack of space in the Library has continued to be a major concern, which the high level of acquisitions this year, together with the seemingly ever-increasing size of sale catalogues,

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has highlighted. Several major book moves were undertaken during the year to alleviate this critical problem in the immediate term. The Gold and Silver section was moved from the second floor to the Ronfort Archive Room, whilst several periodical titles were moved from the Director's and Head of Collections offices, also to the Ronfort Archive Room. There are now two main sequences of periodicals (excluding the separate one of arms and armour journals), one in the Visitors' Library, comprising mainly current journals, and one in the Ronfort Room, of less frequently consulted serials.

Visitor Numbers

Overall visitor numbers increased from 277,000 to 345,500, an increase of 25%. This is the highest visitor figure for the last century and exceeds the 2012 target. We believe that the increased and sustained activity in advertising and marketing across the UK and internationally over the last 4 years has contributed to this figure. There was a significant increase (41%) over the summer months, hopefully because of targeted marketing to tourists (domestic and international) and groups. Our traditionally strong months of February and March became even stronger, attracting over 34,000 visits. In addition, the exhibition, *Masterpieces from the Louvre: the Collection of Louis La Caze*, which ran from January – May 2008, has proved to be one of the most popular exhibitions the Collection has staged, attracting nearly 35,000 visitors.

11,407 of these visitors came from 532 group visits, a considerable increase on 2006-07's group tally of 75. This year saw the first full year of co-ordinated marketing and advertising to groups and this result clearly shows the positive outcome.

One of the most influential sources of recommendation for a visit is by word of mouth. With the 20% increase in visits in 2006-07 and the increase in first time visitors to 55%, the increase in attendance can be attributed as well to steady growth over the years and the very positive experience the visitor has at the Collection.

No visitor research occurred in this year. The next visitor survey will take place over the year 2008-09.

Education

During 2007-08 over 60,000 people took part in on-site, off-site or on-line education activities.

Public Programme

The core programme of free daily lectures, weekend adult art classes, study days and holiday activities for families continued; these were augmented by special day events and programmes, including the launch of Vivienne Westwood's 'Active Resistance to Propaganda' Art Manifesto. This involved Vivienne Westwood herself performing the part of 'Active Resistance' and members of the sell-out audience taking other roles in the manifesto, which takes the form of a short play. We also joined national celebrations in highlighting museum collections from non-western cultures. These included a day-long

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event for all ages entitled *People Who are We? Celebrating Sikhism* for Museums and Galleries Month, family activities on armour making, lectures on Bollywood Posters and a Deaf Visions event around the theme of Indian Summer in connection with the Greater London Authority's series of India Now events, as well as 'A piece of China', where members of London Jing Kun Opera Association provided Chinese opera face painting, music and fan movements as part of the national China Now celebrations.

Other popular public drop-in events were The Big Draw weekend drawing event, the Day in the 18th Century and our monthly Little Draw. Our Big Draw event this year was on the theme of portraiture and was hugely enjoyable. In the Great Gallery we rolled out large pieces of paper and visitors could come and place themselves or their friends and family members in Wallace Collection paintings as they sketched each other and works of art onto the paper. There were several Laughing Cavaliers, some Miss Haverfields and even George IV as a spaceman! The Day in the 18th Century attracted around 1700 visitors who witnessed dancing, handled weapons, met Madame de Pompadour and Marie-Antoinette, made rococo mirrors and heard stimulating talks and the monthly Little Draw sessions for all ages continued to attract a steady number of people, both young and old, both new and experienced in drawing. Chris Stevens and Reza Ben Gajra each ran the Little Draw for six months and each developed a following of drawing enthusiasts!

For families we piloted new Family Friendly Tours, interactive tours focusing on works of art that we think are appealing to children aged 7 upwards and their parents, ending in the Great Gallery with drawing. After a slow start and having learnt from experience about when to schedule the tours, they have become much more popular. They are now offered on a regular monthly basis. In November we held the inaugural annual Anthony Powell lecture, this year by Tariq Ali, which was a sell-out and a much-enjoyed event, very much aided by the Anthony Powell Society who publicised it to their members. We also held a conference on 'New Dialogues in Costume Research' with Wimbledon School of Art and another happy partnership was with Handel House Museum, with whom we staged *Romantic Liaisons*: a combination of looking at 18th century art and enjoying a concert in the early evening.

Schools Programme

This year, as well as running our regular programme of primary school and Key Stage 5 workshops and Teacher InSETs, we had a particular focus on Key Stage 3 and SEN. Key Stage 3 workshops run for the first time this year have included our 'Shooting Buildings' architectural photography project, Islamic patterns (a mathematics and art workshop using the Oriental armoury as inspiration), Socks for a Sabaton (a Design Technology, Art and History workshop looking at the European armoury and handling collection) and an Creative Writing session led by author Bridget Crowley which uses paintings to help pupils write imaginative stories. The 'Shooting Buildings: Architectural Photography Project' now has a website www.shootingbuildings.com where you can see their fabulous work. In the coming year a menu of around 8 workshops will be offered to Key Stage 3 classes throughout London for the first time. This means that the Education Department will be running workshops for all five Key Stages for the very first time in the Wallace Collection's history. Outreach workshops for Special Needs students have included a

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'humanities day' of armour handling and shield-making workshop at St Luke's School in Harpenden and 'Fine Feasts', a three-day workshop based on the Sèvres porcelain, for students with Profound and Multiple Learning Difficulties at Tuke School, Peckham. We have also worked in partnership with Camden Arts Centre to welcome three groups of secondary-age children with severe learning difficulties. Pupils placed their own gilded creations in Armoury I as part of a project on museology and display.

We also participated in Young Cultural Creators, hosted by the Wallace Collection and organised by the Museums and Libraries Association. This was a creative writing project where pupils from one Sutton and three Lambeth secondary schools and two Kensington and Chelsea primary schools worked with author Bridget Crowley at the Wallace Collection, in their local library and in school to write a story inspired by the museum. The stories have been displayed in the libraries for the public to see

Other key projects included our very first masterclasses for sixth formers and an outreach project in four Brent and Ealing primary schools, which ran for its fifth year. The masterclasses were for students thinking of studying English Literature at university and one for those considering studying Art History. Both days included talks by university lecturers and collection staff; the former saw students looking at literary sources and allegory in paintings and the latter included careers advice from staff on the inspiring roles within museums and galleries which can be carried out by those with an art history degree. The Brent & Ealing primary schools took part in an artist-led visit to the Collection looking 18th century French society and then created their own gold box at school. All of the projects have been hugely enjoyable and we are receiving very positive feedback from teachers and students.

Community and New Audience Programmes

This year we were at the forefront of a pioneering pilot training package on Arts, Mental Health and Social Inclusion, run in partnership National Social Inclusion Programme, MLA, Tate Modern, the V&A and the University of Nottingham. This partnership is a particular jewel in our crown, with the Wallace Collection leading on a pilot training package on Arts, Mental Health and Social Inclusion. This training is for museum professionals working with people with mental health issues and has arisen from what we feel is a direct need in the sector. Following this pilot programme the training package will be rolled out nationally which is a tremendous achievement for a small national museum.

The Community programme continues to bring new people into the Wallace Collection. A project working with young refugees and asylum seekers in Newham over several weeks culminated in a small exhibition of artwork produced at the Museum being put on display at the Trinity Centre, a community centre in East Ham. A literacy and drama project working with visually impaired children in Newham and Theatre Royal Stratford East took place, with the group enjoying a visit to the Collection to find out more about Madame de Pompadour and Robert Dudley, creating scripts based on works of art in the Collection and then performing these playlets in the galleries for their friends and the public. Our programme of events for children in play schemes, life drawing for homeless

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artists and outreach for elderly people in care homes also continued.

Our Deaf Visions programme of events run every quarter, run by Deaf artists and lecturers for Deaf participants, continues to be the only one of its kind in London, or elsewhere as far as we know. Topics for each of these days have been 'Love is in the Air', 'Mythical Creatures', 'Indian Summer' and 'Spectacular, Fabulous, Marvellous, Grand'. 'Sensation!' workshops have slowly grown in popularity. These include picture description, object handling and a practical art workshop for visually impaired visitors. 'The Dutch at Home' was the best-attended event to date, with 14 people participating in workshops and listening to talks; this is a large amount for a programme of this type.

Museum Network

Our e-learning resource has gone from strength to strength, attracting over 22,000 sustained visits to www.museumnetworkuk.org during this period which is a significant increase on past figures. Our eLearning resources of Portraits, Myths and Legends and Landscapes in Art were joined this November by 'Material World', an online resource for Key Stage 2 children and their teachers looking at objects at all five Museum Network museums from the point of view of materials and their processes, drawing on the Art and Design, Design Technology and Science curricula. As ever, the resources include online interactive activities, such as creating your own Sèvres porcelain vase. The next resource in the series will look at the function and meaning of objects from the five collections and will include, for the first time, a section for users to generate their own content and discuss citizenship issues.

Other activities in our Museum Network have been a very successful week of screen-printing workshops for primary age pupils on the theme of storytelling. Comments from teachers have been overwhelmingly positive, for example "We all thought the setting and atmosphere were wonderful. Alex [freelance artist] was engaging and charismatic. It was a lovely day for staff and pupils. We'd love to return!"

In June the Museum Network delivered events for Architecture Week at all of the five partner museums (the Bowes Museum, Compton Verney, the Holburne Museum of Art and Waddesdon Manor). At the Wallace Collection workshops linked into the installation *Bagatelle Parallel* by contemporary artists brook and black. The artists encouraged the 11-14 year olds to make links between the Wallace Collection and the architecture of Hertford House, by designing and making their own 'houses' that included photographs taken by the students. Other projects across the Network have included life drawing for schools, stone carving and French language learning.

This year our Museum Network Projects have started to range beyond schools' workshops and into family activities, with each museum in the Network holding one large-scale event along the lines of the Wallace Collection's 'Day in the 18th Century'. Many artists and performers, such as the duellers and Marie-Antoinette, are now working across the Network.

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We have been fortunate in securing DCMS/DCSF funding for 2008-2009. The Heads of Education have decided on plans for this period which include an action research project on the unique power of museum objects to facilitate and inspire learning as well as new audience programmes across the Network.

Staff and Volunteers

For part of this year Emmajane Avery was on maternity leave and her post was expertly filled by Catherine Chastney. Catherine's post was carried out by Anne Cooper Beresford during this period. Beth Kingston left us to take up a new role as Education Manager at the Soane Museum; Will Graham replaced Beth in June 2007. Both Will and Beth have shown great skill in managing projects across five different sites with varying infrastructures and learning environments. During this year we ran our first three-month Education Internship Programme to provide an in-depth experience for the individual and valuable help for us rather than respond ad-hoc to requests for voluntary placements. This has been incredibly successful, and helpful to both parties. Our first education intern, Edwina Mileham, has been of invaluable support to us and we will be continuing to recruit interns for three-month periods in the coming year.

The guide lecturing and freelance teams continue to carry out their respective roles with great panache. During 2007-08 the guides have given 2,313 people private guided tours of the Collection and around 9,000 people have enjoyed tours and talks by curators and guide lecturers. The Head of Education has been carrying out observations of the guide lecturing team in order to provide feedback on this valuable strand of our programme. One third of the guide lecturers have been observed by Emmajane and curators during this period and feedback has been provided. The quality of tours has so far been very good, with guide lecturers stating that the comments have been very helpful to them. We also arranged a very successful overnight trip to Versailles for the guide lecturing team in order to visit the exhibition 'When Versailles was Furnished in Silver' – a one-off opportunity.

Marketing, Press and Public Relations

The targeted advertising and media campaign continues. This year saw excellent coverage in the media and press both for the Collection in general and for the exhibitions specifically. In addition there were a number of celebrity endorsements of the Collection. The third press conference to announce the year ahead was held in November in conjunction with the Courtauld Gallery and Dulwich Picture Gallery. E-marketing has been introduced to communicate more readily and more specifically with the visitor. Advertisements were placed at chosen London Tube stations, in National Trust publications, with Orient Express magazine, and Time Out as well as others.

A new scheme to attract professionals to the Collection, who want a broader understanding of art history was launched in September. *Art Cavaliers* attend a five week art course on a Friday evening. Two series for up to twenty individuals were run and were very well received.

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A number of successful public events were held in the year. These were run with media partner *The Evening Standard Homes and Property*. These included:

- 22 October *Sex and Satire in the 18th Century* a talk by Professor Vic Gattrell
- 8 February *A Venetian Fayre*

These events help attract new visitors and broaden our audience. In addition, on 1 December, the launch of Vivienne Westwood's Art Manifesto attracted a different audience and received excellent coverage for the Collection, including a feature on BBC's *Newsnight*. Filming took place for BBC's *The Apprentice* with Sir Alan Sugar. This will be broadcast in April 2008 to a significant number of viewers.

Facilities

The first responsibility of the Facilities Department is to ensure that Hertford House remains wind and water tight, thereby minimising the risk to the collections. The most important project in recent years in supporting this objective was the renovation of the north, east and west external walls and much of the roof. This project has dramatically reduced the originally lengthy list of backlog maintenance that risked the collection. Building contractors' accommodation and welfare facilities have been cleverly hidden away from view in the front basement light-well area to allow the front entrance approach to remain presentable to visitors and saleable to event clients. The roof access safety has also been much improved as part of these projects reducing the risk for contractors and staff.

A second key project was the replacement of one of the Armoury ceilings, which was in danger of collapse. This was completed to a high standard in April 2008.

Internally the environmental systems that also minimise the risk of damage and degradation to the works of art were also addressed in year. Improvements have commenced with a Carbon Filters replacement three-year plan. There are over 500 filters divided between seven air-handling units. The filters remove damaging pollutants and chemicals from the air that feeds the galleries with the long-term aim of protecting the collection.

The facilities department also has responsibility for the ICT infrastructure within the Wallace Collection. Following the identification of problems in the previous year the IT servers were replaced at the start of the year, followed by cabling upgrades. This has proved a major success and reduced downtime of the internal network to virtually zero. The ever-growing importance of an internet link has seen our capacity for information transfer grow as a result of faster connections and higher specification PC's. Most staff now have flat screen monitors, saving energy as well as space. However, increasing demands for higher quality, high-resolution images and image editing have resulted in a steady demand for better software and staff training.

Utilities cost increases have placed pressure on limited budgets. These have been combated with assistance from external consultants and major savings have been made particularly with the water supply. We have even reduced waste water charges by

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calculating the amount of water converted to steam in the humidification process for the galleries.

A facilities workshop took place to allow all departments to feed in to the overall departmental planning. This was facilitated by a company called Acuity with the generation of a strengths and weakness report that identified areas for celebration as well as improvement.

Security

The Security Department includes both the team of security staff that provide 24/7 security cover for the collection plus the gallery teams that work within the galleries helping the visitor.

The external risks that impact on the security of the collection are monitored, with policies and procedures updated accordingly to minimise the risk of loss or damage to the collections. The Head of Security chairs the Security Committee with the Director and key stakeholders to formulate security strategy for the Collection and security policies.

Improvements also continued to be made to technological and physical security, primarily to take advantage of the opportunities afforded by the capital programme, which puts the Collection in a more robust position.

A comprehensive training programme was put in place for both teams in the year and will continue to evolve in the coming period.

A steady turnover of staff in 2007-08 has meant that recruitment has been an ongoing challenge; manning levels have however been maintained at a sufficient level to continue to reduce the number of gallery closures seen in previous years and to maintain the necessary level of security cover.

Income Generation Fundraising

Fundraising met its revenue target this year. The Collection is always grateful to all its supporters for their contributions. Visitors to the Collection give generously through the donation boxes and supporting the shop; trusts and foundations support many projects; individuals are members of our membership scheme *heroes and heroines* and our corporate membership now stands at 16. In addition we have received commitment for the writing of a catalogue on the gold boxes from SJ Phillips; on the miniatures from Mr and Mrs Lavender and a new publication on the armour collection from the Foyle Foundation. Two exhibitions were sponsored: *Renaissance Silver from the Schroder Collection* by the Schroder Foundation and *Masterpieces from the Louvre* by Barclays' Financial Planning and Premier Divisions. A legacy of £50,000 was generously received from Thomas Masson Moore.

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For our programme of gallery restoration we gratefully received generous donations or pledges from the DCMS/Wolfson Museums and Galleries Improvement Fund; an anonymous donor; Manny and Brigitta Davidson and family and a number of *heroes and heroines* who are funding a room.

Corporate Facilities Hire

Corporate and private hire had a very successful year with the highest yield to date. A healthy economic climate, new brochure, revised pricing structure, improved acoustics in the Courtyard and a successful focus on staging more dinners have all contributed to this success. 132 evening events were staged, an increase of 32%. 70% of these events took place in the glazed atrium. The private market continues to develop with an increase of 38% on private events from last year. Most events were booked by banking and financial organisations, followed by pharmaceutical and legal.

The Collection continues to be considered a prestigious venue to hire. Harper Collins Publishers chose to hold the ceremony to award Doris Lessing the Nobel Prize for Literature here and *Elle Decoration* hosted their annual award ceremony.

Retail and Visitor Services

The shop increased its sales this year by 8% and its customers by 25%. This increase in customers is in line with the increase in visitors. To aid the visitor's arrival and orientation, using evidence from the visitor survey of 2006-08, the following improvements have been made: to the shop display; a switch in position of the front reception desk and the visitor information desk and a complete overhaul of signage including large signs on the exterior of the building, a new floorplan and welcome information on arrival. These are helping the visitor with their visit.

However, the shop did not reach its anticipated target for the year. New product has been introduced over the year and more is in the pipeline. Eight new themed ranges have started and gradually new product is being introduced and more is in the pipeline. A new guidebook for the Collection was published in November and is selling well.

Human Resources

As with every year, the Personnel Manager has had to keep on top of the six monthly changes in employment law, plus assisting managers in all aspects of personnel management, and overseeing staff recruitment. The Staff Handbook has been updated in consultation with Northgate HR to ensure that best practice is maintained.

The Wallace Restaurant

The contract to run the restaurant was awarded to Peyton and Byrne in 2006, and they duly opened the newly refurbished Wallace Restaurant in September of that year. 2007-08 therefore marks the first full year of trading for the new restaurant.

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Although the restaurant has a striking new look, it maintains the original vision of an elegant, airy, courtyard feel destination restaurant with a French character. Reviews of the new Wallace Restaurant have been good, and this has been reflected in increased numbers of patrons.

Peyton & Byrne pays the Wallace Collection a percentage of turnover, with a guaranteed minimum. The new contract, along with the increased numbers of patrons, led to a major increase in income from this source in 2006-07. This has increased again in 2007-08, with returns to the Wallace Collection increasing by 232% in two years.

2005-06	£41,134
2006-07	£98,886
2007-08	£136,723

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Performance against DCMS agreed Targets

The relationship between The Wallace Collection and its sponsoring body, DCMS, is largely defined by a Funding Agreement. 2007-08 was the third year of a three-year agreement. The Funding Agreement sets targets for seven core quantitative performance measures and the Collection also reports on several qualitative performance measures that contribute to DCMS' strategic priorities.

In 2007-08 the Collection achieved five of the seven targets set. The targets are divided into four areas, visitor numbers, virtual visitor numbers, trading profit and efficiency savings.

The specific quantitative targets are:

Core Target	2006-07		2007-08	
	Target	Actual	Target	Actual
1. Total number of visits to the Museum	255,000	277,648	260,000	346,980
2. Number of UK adults aged 16 and over (from 2005-06) from lower socio – economic groups attending the Museum	14,500	15,281	15,000	19,580
3. Number of child visits (15 and under)	17,000	23,134	17,500	20,654
4. Number of children aged 15 and under (from 2005-06) in on and off site organised educational sessions.	12,500	14,186	13,000	11,904

The visitor numbers figure for 2007-08 was truly record breaking. It was the highest total for any year since the first twelve months of opening in 1900-01. The figures now are almost at the target originally set for 2025 of 350,000 visitors. This success is not down to any one factor. It can however be attributed to a range of factors including increased advertising, the newly re-opened refurbished galleries, the first full year of the Wallace Restaurant, the success of our exhibition programme, especially *Louis La Caze: Masterpieces from the Louvre*, and strong word of mouth over the quality of our core collection.

Child numbers also held up well, albeit slightly below the high point of the previous year.

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The only disappointment was missing the target for children in organised educational activities. The education department was as busy as ever this year, but the concentration on some older age groups meant that class sizes were smaller, and work with A Level groups did not count as they were over the age cut off.

Core Target	2006-07		2007-08	
5. Number of website visits (unique users)	550,000	1,162,205	650,000	219,534

Last year saw a dramatic rise in web visits following the launch of the new website in September 2006. This has been accompanied by a site developed with our regional partners delivering high quality educational content. This year saw what appears to be a major drop in numbers. It is however difficult to compare results between years since we have changed the software counting unique users. Each software application uses slightly different parameters to determine whether a visit counts as a unique user visit. It is clear that the current application uses a more restrictive definition. It is not believed that this drop in reported numbers is reflective of underlying activity.

Core Target	2006-07		2007-08	
6. Net income from trading (including corporate hire)	450,000	569,132	500,000	727,559

The target for trading income was comfortably exceeded. This was in the main due to another highly successful year for our facility hire business, plus the success of the first full year of trading for the new Wallace Restaurant.

Core Target	2006-07		2007-08	
7. Efficiency savings	143,000	168,000	143,000	170,000

The efficiency savings target was exceeded. The main savings shown relate to the restructuring in 2004-05 and the ongoing savings that resulted, plus the additional opening hours that resulted at minimal extra cost.

Visitor numbers are collected through an electronic counting device at the only visitor entrance. Child visits are also collected by a manual counting system, cross-checked against occasional CCTV evidence. The socio-economic profile of our visitors is a percentage generated from our annual visitor surveys, which is then applied to the total number of adult visitors. Education numbers are kept automatically by the education department for the sessions that they run. Our website automatically registers the number of visitors to our site. Net income from trading is taken directly from the accounts of our trading company, Hertford House Marketing Limited. Efficiency savings are measured in line with the guidance set down by central government.

Financial Review

Financial results

Net incoming resources in the year amounted to £187,000 (2006-07-£813,000). In accordance with charity accounting guidance, this includes capital grants of £372,000 and charges in respect of capital expenditure of £856,000. If these items are excluded, the result for the year is an operating surplus of £672,000 (2006-07 deficit of £39,000). This operating surplus is primarily caused by the raising of funds for future capital projects and the deferral of a major capital project into the following year.

The main features were:

- (a) Grant in Aid income for the year was £4,156,000, (2006-07: £3,528,000). The increase reflects the £1.5m awarded towards capital improvements to Hertford House, (2006-07 £1m);
- (b) Fund raising expenditure amounted to £216,000, (2006-07: £174,000). The increase related to expanding the department with the first full year of a second fundraiser, plus shared administrative support. There was also significant investment in donor care plus a scheme to set up an international fundraising committee;
- (c) Marketing and design expenditure amounted to £235,000 (2006-07: £247,000). This reflects a continuation of the advertising strategy started in the previous year;
- (d) Trading costs relating to the wholly owned subsidiary, Hertford House Marketing Ltd amounted to £790,000 (2006-07: £715,000). This increase reflects the additional costs related to the growth in the facilities hire business plus a more realistic recharging of central costs;
- (e) Conservation expenditure amounted to £254,000 (2006-07: £219,000). The increase reflects the lack of a major external conservation programme in the previous year. This year saw renewed investment in painting conservation, with two paintings by François Lemoyne, *Time Saving Truth from Falsehood and Envy* (P392) and *Perseus and Andromeda* (P417) being conserved in year;
- (f) Collection expenditure amounted to £1,167,000 (2006-07: £992,000). The increase reflects the additional sums invested in the exhibition programme in year plus the continued growth of the education department. The increase also reflects the amounts invested in Wallace Live after its launch in November 2007, when prior to this date all costs had been capitalised;
- (g) Security expenditure in 2007-08 was £1,372,000 (2006-07: £1,377,000). The fact it remained level with the previous year reflects the small number of staff vacancies that persisted in this department through the year;

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- (h) Building and maintenance expenditure (other than the charge for depreciation) amounted to £1,618,000 (2006-07: £868,000). This major increase reflects the investment in two major projects in year: The renovation of three external walls plus the ceiling in one of the armoury galleries. These amounts have not been capitalised and therefore distort the figures for this department for this year. The increase also reflects the investment in IT infrastructure this year, plus the impact of increasing utility costs;
- (i) Governance costs amounted to £45,000 (2006-07: £44,000). The decrease reflects the investment in the previous year in the recruitment of new trustees, four of whom started in post this year;
- (j) 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. £75,000 was received in year from the DCMS/Wolfson Foundation fund towards the refurbishment of the Small Drawing Room.

Reserves policy

The policy of The Wallace Collection is to seek to establish, and then maintain, a level of unrestricted reserves of over £500,000. 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 downturn in non-grant revenue. At 31 March 2008, the Collection's unrestricted reserves of £283,000 were below the target level. It is the policy of the Trustees that this target be achieved within the next four years. The reserve policy will be reviewed on an annual basis.

There is currently a Deferred Project Reserve (see note 13) which has a negative balance of £124,000. This represents advance work carried out on capital projects scheduled for 2008-09 and 2009-10. Funding for these projects will be received in the year in question, thereby clearing the deficit balance.

Fixed assets

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

- Freehold Land and Buildings were re-valued by reference to official indices at 31 March 2008 to £39,904,000. This resulted in a revaluation increase of £2,524,000 in 2007-08;
- Total additions during the year amounted to £372,000, which primarily related to expenditure on the gallery refurbishments plus the continuation of the Wallace Live project;
- A number of items were reclassified as non assets in year and were therefore previously capitalised expenditure was expensed. This resulted in a loss on disposal of £65,000; and

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- Depreciation charge for the year is £792,000. The building is being depreciated over an expected remaining life of 98 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 2007-08, 88% of creditors were paid within this target period (2006-07: 85 %).

Future Developments

A Corporate Plan has now been agreed for the period from 2008 to 2011. The key objectives for that period are:

1) Scholarship

To enhance the Wallace Collection's reputation for scholarly research, by investing in research to create a number of academic catalogues on the core collection. Also through a programme of academic and educational activities to meet the needs of all our public from the school child to the international scholar. *Championed by the Collections and Academic Director.*

2) Cultural Diplomacy

To improve the way that we interact with our visitors, both at home and abroad. Firstly through physical improvements such as redesigning the front entrance to improve the welcome and information for visitors, and our physical signage and information on site. Secondly, through exploitation of the latest technological opportunities to develop new ways of connecting with our wider visitors, and informing them about our collection, both on site and around the world. *Championed by the Development and Marketing Director.*

3) Excellence

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; once again presented as an opulent family home. *Championed by the Finance and Operations Director.*

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Reference and Administrative Details of the Charity, its Trustees and Advisors

A list of the Trustees, Senior Officers and Advisors to The Wallace Collection and Hertford House Marketing Ltd is at Annex A.

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 accounts are compliant with the Charities SORP 2005.

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

Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Collection's consolidated accounts for the year 2007-08. The audit fee in respect of this work was £16,500. 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.

So far as the Accounting Officer, and each person who was a Trustee at the date of approving this report, are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Having made enquiries of the Board of Trustees and Collection's auditor, the Accounting Officer has taken all the steps that she is obliged to take as Accounting Officer in order to make herself aware of any relevant audit information and to establish that the auditor is aware of that information. Having made enquiries of the Accounting Officer, fellow trustees and the Collection's auditor, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

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 2008 that might affect the reader's understanding of the accounts.

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Remuneration Report

Salary Policy

The Wallace Collection does not have a Remuneration Committee. The Audit Committee can act in lieu of a Remuneration Committee. All staff are employed through the Wallace Collection on equal terms and conditions, including trading company staff. Conditions of pay and employment are in line with standard Civil Service terms. Salaries are reviewed on an annual basis, and uplifted at the start of the financial year. The amount that can be spent on salaries (excluding the Director) is set each year by the Department for Culture, Media and Sport and HM Treasury.

All staff are positioned within pay bands. No allowances are in payment, other than standard overtime amounts.

When determining salary levels, a number of factors are taken into account

- the projected budget for the annual staff settlement
- salary levels internally and in the market place (through salary surveys)
- job size and whether this has changed over the period (through formal evaluation, where applicable)

Senior Management Emoluments

	Salary, including performance pay	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/08 and related lump sum	Cash Equivalent Transfer Value at 31/3/07	Cash Equivalent Transfer Value at 31/3/08	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£k	£k	£k	Nearest £k	Nearest £k	Nearest £k
Dr Rosalind Savill <i>Director</i>	90-95 2006-07 110-115	0 - 2.5 plus 2.5 - 5 lump sum	35-40 plus 115 - 120 lump sum	754	871	13
Miss Clare O'Brien <i>Development and Marketing Director</i>	60-65 2006-07 50-55	0 - 2.5 plus 2.5 - 5 lump sum	0 - 5 plus 10 - 15 lump sum	74	107	22
Mr Simon Pink <i>Finance and Operations Director</i>	60-65 2006-07 50-55	0 - 2.5	10 - 15	74	108	17
Mr Jeremy Warren <i>Collections and Academic Director</i>	60-65 2006-07 50-55	2.5 - 5 plus 2.5 - 5 lump sum	15-20 plus 35 - 40 lump sum	262	347	44

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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. The figures in the remuneration report are subject to audit.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn. The real increase in CETV 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

The Director's salary, terms and conditions are decided by the Chair of Trustees following consultation with the Department for Culture, Media and Sport. Any award is in line with the recommendations of the Senior Salary Review Board. The Director's bonus is decided by the Chairman in consultation with the Trustees, based on the restrictions of the Director's contract and against achievement of the Collection's objectives.

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During the year the Director received remuneration of £92,260 (2006/07: £112,095). The difference between years was caused by two annual bonuses being paid in the previous year, whilst the 2007 bonus was still outstanding at year-end. The Director's pension contributions of £23,513 (2006/07: £22,250) were charged to the Collection. Neither the Director, nor any other member of staff, received any benefits-in-kind in year. After year-end the Director signed a new contract which will expire in November 2010.

The salary and terms and conditions of the senior managers, other than the Director, are the same as all other members of staff. All senior managers are on permanent contracts.

Performance Management

Performance is formally appraised annually, although ongoing performance management is encouraged. Performance is judged by reference to achievements against set objectives. Performance related pay is not in operation.

Pensions

All Wallace Collection employees are eligible to join the Principal Civil Service Pension Scheme or the Partnership Scheme, which is a stakeholder pension scheme. Full pension details are set out in note 6.

Benefits in Kind

Benefits in kind, as agreed with HM Revenues and Customs, comprise annual eye tests, annual flu jabs, and staff uniforms where appropriate. The taxable value of these benefits each year, as agreed with HMRC is less than one thousand pounds across the entire staff group.

- There were no other benefit in kind or non-cash payments in year;
- No severance or compensation payments were made to any staff in year;
- There were no payments to former senior managers in year; and
- There were no payments to third parties for the services of senior managers in year (e.g. senior managers employed under temporary contracts through an agency).

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Policy on duration of contracts, notice periods and termination payments

Senior staff are permanent employees of The Wallace Collection apart from the Director who is on a fixed term contract. Notice periods for senior employees are usually three months, with one month for other employees. Termination payments are in accordance with The Wallace Collection contractual terms.

Where new posts are being considered they are usually made on a fixed term basis. The length of term is usually two years, unless tied to specific funding or a project of shorter length. Positions are then only made permanent once the ongoing need, and the funding for the post, is agreed.

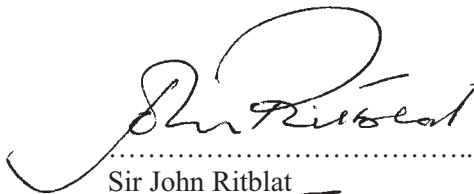
Trustees

Trustees receive no remuneration for carrying out their role.



.....
Dr Rosalind Savill
Director and Accounting Officer

9 July 2008



.....
Sir John Ritblat
Chairman

9 July 2008

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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:

Sir John Ritblat	- appointed August 2003, appointed Chairman from January 2005.
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, term expired August 2007
Mr Adrian Sassoon	- appointed August 2007
Duke of Devonshire	- appointed August 2007
Mr Jasper Conran OBE	- appointed August 2007
Ms Jagdip Jagpal	-appointed August 2007

* 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	-appointed January 1998
Mr Pierre Arizzoli-Clementel	- appointed August 2007

A register of interests for all Trustees is held at Hertford House.

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

Sir John Ritblat
Miss Rosalind Savill CBE FSA

Principal Officers

Dr Rosalind Savill CBE FBA 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
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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

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Annex B - Publications by Wallace Collection Staff

The Wallace Collection Guidebook, 5th edition, London, 2007

Tobias Capwell

- Review of *The Churburg Armoury* by Carlo Paggiarino, published by Hans Prunner press, *Waffen- und Kostümkunde*, 2007/1

David Edge

- ‘An assessment of the problems facing conservators of historical arms, armour and metalwork in India, from a European perspective’, *Metal 07*, I.C.O.M.-C.C. *Metal W.G.*, September 2007, volume 4 (pp. 10-14)
- (With Suzanne Kitto) ‘A Study Trip to India’ *I.C.O.N News* (the UK ‘Institute for Conservation’ journal), Issue 13, November 2007, pp. 33-35
- (With Alan Williams and T. Atkins), ‘Bullet Dents – ‘Proof Marks’ or Battle Damage?’, *Gladius*, 26 (2006), pp.175-209

Suzanne Higgott

- ‘AIHV 17th Triennial Congress, Antwerp – Review, Part 2’, *Glass News*, 22 (July 2007), pp. 9-12.

Deborah Lee

- ‘The changing face of arms and armour conservation’, *Metal 07*, I.C.O.M.-C.C. *Metal W.G.*, September 2007, volume 4, pp. 26-29

Rosalind Savill

- Introductory essay, *Charlotte Hodes: Fragmented Images*, The Wallace Collection, London 2007
- “A profusion of fine old Sèvres china”: the collection of the 2nd Earl of Lonsdale (1787-1872), *Sèvres porcelain: patronage and design. The French Porcelain Society Journal*, 3 (2007), pp.253-266

Jeremy Warren

- Jeremy Warren and Adriana Turpin (eds.), *Auctions, Agents and Dealers. The Mechanisms of the Art Market 1660-1830*, Oxford 2007
- ‘Anthony Powell and his Book Illustrators’, in ed. George Lilley and Keith C. Marshall, *Proceedings of the Anthony Powell Centenary Conference, 2005*, Greenford 2007, pp.184-191.
- ‘Plaquettes. Mantua and Ecoeu’, review of two exhibitions, *The Burlington Magazine*, 149, April 2007, pp.281-283
- ‘Desiderio da Settignano’, exhibition review, *The Burlington Magazine*, 149, June 2007, pp.434-435
- ‘Gaspare Fantuzzi: a patron of sculpture in Renaissance Bologna’, *The Burlington Magazine*, 149, December 2007, pp.831-835

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Alan Williams

- “Crucible steel in medieval swords” in *Metals and Mines* ed. LaNiece, S. Hook, D. Craddock, P. (Archetype Press with the British Museum, London, 2007) pp.233-241.
- (With David Edge and T. Atkins), ‘Bullet Dents – ‘Proof Marks’ or Battle Damage?’, *Gladius*, 26 (2006), pp.175-209

Two exhibition catalogues were published by Paul Holberton Publishing on behalf of the Collection this year, Charlotte Hodes: *Fragmented Images*, accompanying the exhibition of work by our first Associate Artist, and the fully-illustrated catalogue by Timothy Schroder accompanying the exhibition *Renaissance Silver* from the Schroder Collection.

Annex C - Exhibitions in 2007-08

Xanto: Pottery-painter, Poet, Man of the Italian Renaissance 25/01/2007 - 15/04/2007

The first exhibition ever devoted to the fascinating maiolica painter Francesco Xanto Avelli (c.1486-c.1542) who worked mainly in Urbino. He frequently depicted subjects from classical mythology, but his work is also informed by the turbulent events of his own time, such as the Sack of Rome in 1527. Besides being an artist, he was also a poet who dedicated a remarkable sequence of sonnets to the soldier Duke of Urbino, Francesco Maria Della Rovere. With more than fifty beautiful ceramics from British and Italian collections, this exhibition made a major contribution to the study of art, history and literature of Renaissance Italy.

Fragmented Images: New Art Works by Charlotte Hodes 03/05/07 – 24/06/2007

An exhibition of ceramics and paper cut-outs by the contemporary artist Charlotte Hodes who was awarded the prestigious Jerwood Prize for drawing shortly before the exhibition opened. Charlotte Hodes had been the Wallace Collection's associate artist since 2005 – all the work on display was inspired by art in the Wallace Collection, particularly the Sèvres porcelain and the paintings by Watteau and his followers.

Renaissance Silver from the Schroder Collection 12/07/07 – 14/10/07

The Wallace Collection was the sole venue for this exhibition of one of the finest collections of medieval and Renaissance silversmiths' and goldsmiths' work in private hands. Mainly formed in 1870-1930, the collection includes masterpieces from princely collections, church treasuries and civic institutions, particularly in Germany and Italy. Many incorporate rare or exotic materials such as polished nautilus shells, early Chinese porcelain and carved rock crystal.

Theatres of Life: Drawings from the Rothschild Collection at Waddesdon Manor 08/11/07 – 27/01/08

This exhibition, largely from Waddesdon Manor (one of the Wallace Collection's partners in the Museum Network) displayed superb drawings by many of the major French draughtsmen of the 18th and 19th centuries, including Boucher, Fragonard, Greuze, Lancret, the Saint-Aubins, Boilly, Eugène Lami and Delacroix.

Masterpieces from the Louvre: The Collection of Louis La Caze 14/02/08 – 18/05/08

The Wallace Collection's first collaboration with the Louvre, this exhibition brought to Hertford House pictures from the greatest bequest of paintings ever received by France's most important museum. All were acquired by Louis La Caze (1798-1868), a doctor who was a rival collector in Paris to the 4th Marquess of Hertford, the father of Sir Richard Wallace. Included were splendid paintings by, among others, Watteau, Chardin, Boucher and Fragonard as well as one of the most famous of 17th-century Spanish paintings, Ribera's *A Young Beggar (Le Pied-Bot)*.

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Annex D - Treasures of the Month

2007-08

Month	Curator	Description
April 2007	Tobias Capwell	A164 Armet with visor of exchange c. 1535-40
May 2007	Eleanor Tollfree	F325, Weisweiler work-table with Wedgewood plaques once owned by the Empress Josephine at the Tuileries
June 2007	Rosalind Savill	Sevres Savoyard Jug and Basin, green ground, gold dots, Savoyard children, 1767, belonged to Louis XV's daughters no. C454-5
July 2007	Stephen Duffy	Van der Helst portrait or perhaps even Laughing Cavalier to complement major exhibition of Dutch portraits at NG
August 2007	Rebecca Wallis	G8, French gold and translucent enamel snuff box, with <i>chinoiseries</i> after paintings by Boucher
September 2007	Jeremy Warren	XII A112 Enamelled cup
October 2007	Stephen Duffy	P558 Thomas Lawrence: Margaret, Countess of Blessington
November 2007	Eleanor Tollfree	F112 A combined toilet and writing- table
December 2007	Suzanne Higgott	IIIF248 Limoges Adoration
January 2008	Jeremy Warren	S50 Goan Good Shepherd
February 2008	Stephen Duffy	M21 Lady Hamilton as a Baccante
March 2008	Suzanne Higgott	XXVB93, glass drinking vessel

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Annex E - Public Enquiries

Arms & Armour	58
Conservation	266
Paintings	417
Earthenware, ceramics, glass, Limoges enamels	6
Sculpture and works of art	140
Sèvres porcelain and gold boxes	6
Furniture	288
General (Collections, Exhibitions, Access, Visiting)	673
Library Public enquiries	218
Library visitors	304
Total	2,376

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Annex F – List of Objects Conserved

*Works of art conserved or treated by the Wallace Collection Conservation Department
2007-2008*

SCULPTURE and WORKS OF ART

S131 Circle of Giambologna, *Seated Boy*
S197 After Boizot, *Boreas abducting Orithyia*
S219.2 Boulle socle for Caffieri, *Cupid and Pan*
Uncatalogued Boulle socle

XXA55 Candlestick, Italian c.1780

FURNITURE

F40	Mantel clock	F400-1	Caskets
F43	Mantel clock	F406	Chest-of-drawers
F52	Pedestal	F408	Chest-of-drawers
F61	Armoire	F413	Filing cabinet and clock
F62	Armoire	F414	Corner-cupboard
F63	Armoire	F419	Pedestal
F383	Cabinet	F420	Pedestal
F388	Cabinet	F428	Writing table
F389	Cabinet	F521	Commode

English 17th-century Japanned Lacquer Cabinet on Stand (H2006.4) from the Holburne Museum of Art in Bath

ARMS AND ARMOUR

A1	mail shirt	A34	full standing Armour
A3	mail shirt	A36	full standing Armour
A5	mail shirt	A41	full standing Armour
A6	mail shirt	A42	full standing Armour
A7	mail shirt	A43	full standing Armour
A10	mail sleeve	A44	full standing Armour
A11	mail sleeve	A45	full standing Armour
A20	full standing Armour	A46	full standing Armour
A21	Equestrian Armour	A47	full standing Armour
A23	full standing Armour	A48	full standing Armour
A24	full standing Armour	A49	full standing Armour
A26	full standing Armour	A50	full standing Armour
A27	Helmet	A52	full standing Armour
A28	full standing Armour	A53	full standing Armour
A25	full standing Armour	A57	full standing Armour
A29	Equestrian Armour	A59	full standing Armour
A30	full standing Armour	A61	full standing Armour
A31	full standing Armour	A62	full standing Armour

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A63	full standing Armour	A152	Helmet
A64	full standing Armour	A154	Helmet
A65	full standing Armour	A159	Helmet
A66	full standing Armour	A161	Helmet
A67	full standing Armour	A163	Helmet
A68	full standing Armour	A165	Helmet
A70	Helmet	A167	Helmet
A71	Helmet	A170	Helmet
A72	Helmet	A171	Helmet
A75	Helmet	A174	Helmet
A77	Helmet	A175	Helmet
A79	Helmet	A179	Helmet
A82	Helmet	A182	Helmet
A83	Helmet	A183	Helmet
A84	Helmet	A197	Buff (chin-piece)
A85	Helmet	A198	Buff (chin-piece)
A90	Helmet	A199	Bevor (chin-piece)
A94	Helmet	A200	Bevor (chin-piece)
A95	Helmet	A205	Visor
A98	Helmet	A225	Breastplate
A103	Helmet	A247-8	Pair of pauldrons
A106	Helmet	A266	Gauntlet
A107	Helmet	A357	Shaffron and crinet
A108	Helmet	A409	Saddle
A111	Helmet	A411	Saddle
A112	Helmet	A412	Saddle
A115	Helmet	A450	Horse muzzle
A117	Helmet	A451	Horse muzzle
A122	Helmet	A929	Staff weapon
A123	Helmet	A1002	Staff weapon
A124	Helmet	A1003	Staff weapon
A125	Helmet	A1009	Partisan
A126	Helmet	A1011	Staff weapon
A127	Helmet	A1242	Gun
A128	Helmet	A1277	Powder flask
A129	Helmet	A1278	Powder flask
A130	Helmet	A1279	Powder flask
A131	Helmet	A1280	Powder flask
A132	Helmet	A1308	wheel-lock key
A136	Helmet	A1308	Powder flask
A139	Helmet	A1316	Powder flask
A140	Helmet	A1323	Wheel-lock key
A145	Helmet		

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OA1494	Eastern Helmet	OA1831	Eastern Armour
OA1509	Eastern Pistol	OA1906	Eastern Sword
OA1522	Eastern Pistol	OA1912	Eastern Sword
OA1750	Eastern Sword	OA1933	Eastern Sword
OA1755	Eastern Sword	OA2029	Eastern Pistol
OA1780	Eastern Sword	OA2056	Eastern Sword
OA1785	Eastern Sword	OA2123	Eastern Pistol
OA1812	Eastern Helmet	OA2148	Eastern Pistol
OA1829	Eastern Armour	OA2152	Eastern Pistol
OA1830	Eastern Armour	OA2153	Eastern Pistol

Works of art conserved externally

PICTURES

Anna Sanden:

François Lemoyne, *Time Saving Truth from Falsehood and Envy* (P392)

François Lemoyne, *Perseus and Andromeda* (P417)

ARMS AND ARMOUR

Textile Conservation Centre, Winchester (Kate Gill):

A929

A1002

A1003

A1009

A1011

CERAMICS

Denise Ling

C55 Italian Renaissance ceramic dish

FURNITURE

Textile Conservation Centre, Winchester (Kate Gill):

F39 19th-century chair

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David Newell

F43	clock movement
F40	clock movement
F72	clock movement
F90	clock movement
F42	clock movement

SCULPTURE AND WORKS OF ART

Merryl Huxtable:

M323	Manuscript cutting
M324	Manuscript cutting
M328	Manuscript cutting
M339	Manuscript cutting
M345	Manuscript cutting
M347	Manuscript cutting

David Thompson, The British Museum:

XXA52	Watch
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Annex G – Staff, External Positions Held

Dr Rosalind Savill, CBE, FBA, FSA

Visiting Professor of the University of Arts

Trustee, the Courtauld Samuel Trust

Fellow, the British Academy

President, the French Porcelain Society

Trustee, the Holburne Museum of Art

Member, the Apsley House Art Panel

Member, the National Trust Arts Panel

Trustee, the Campaign for Museums

Trustee, the Attingham Trust

Member, the Advisory Panel for the redisplay of Objets d'Art at the Musée du Louvre

Emmajane Avery

Member, NMDC Learning and Access Committee

Member, Group for Education in Museums

Danielle Cunningham

Member, the NMDC Press and PR Group

David Edge

Fellow, the Society of Antiquaries

Board Member, the Oakeshott Institute (dedicated to the study and research of historic swords)

Member, the United Kingdom Institute of Conservation

Served on the vetting committee for Arms and Armour TEFAF, Maastricht

Suzanne Higgott

Member, the Board of the British Committee of the Association for the History of Glass

Lucy Holmes

Member, the Unique Venues of London Management Committee

Jürgen Huber

Member, the United Kingdom Institute of Conservation

Deborah Lee

Member, the United Kingdom Institute of Conservation

Christina McGregor

Licensed Collections Trust Trainer

Associate Member, Museums' Association

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Clare O'Brien

Member, NMDC Marketing Group
Board member, Paines Plough Theatre Company
Board Member, Society for the Promotion of New Music.

Simon Pink

Member, DCMS Museums and Galleries Efficiency Project Board
Member, Museums and Galleries Heads of Finance Group
Member, NMDC Operations Group

Dr Eleanor Tollfree

Council member, the Furniture History Society and member of the Furniture History Society Activities Committee
Editor, the Attingham Society Newsletter
Committee member, the Society of Decorative Arts

Jeremy Warren

Fellow, the Society of Antiquaries
Member, Editorial Board, the Sculpture Journal
Member, Advisory Board, Anglo-Sikh Heritage Trust
Member, Library and Collections Committee, Society of Antiquaries
Member, Pictures Committee, Society of Antiquaries
Trustee, the Compton Verney Collection Settlement Trust

Keith Welch

Member, British Institute of Facilities Management

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Annex H - The Wallace Collection and Hertford House Marketing Limited Staff

Staff in post at 31st March 2008

Director's Office

Rosalind Savill CBE FBA FSA

Director

Dragica Carlin

Alexander Stanbury

The Collections Department

Jeremy Warren FSA

Collections and Academic Director

Curatorial Department

Tobias Capwell

Leda Cosentino

Stephen Duffy

Suzanne Higgott

Eleanor Tollfree

Christopher Vogtherr

Rebecca Wallis

Education Department

Emmajane Avery

Head of Education

Emma Bryant

Catherine Chastney

Will Graham

Hayley Kruger

Edwina Mileham

Conservation Department

David Edge

Head of Conservation

Stephen Craig

Jurgen Huber

Deborah Lee

Beth Werritt

Alan Williams

Collections Management

Christina McGregor

Collections Information Manager

Phoebe Harris

Cassandra Parsons

Library and Archives

Andrea Gilbert

Giovanna Hendel

Picture Library

Nell Carrington

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The Development and Marketing Department

Clare O'Brien

Development and Marketing Director

Fundraising

Jane Booth

Emma Garner

Press and Marketing

Danielle Cunningham

Ana Horton

Events Department

Lucy Holmes

Head of Events

Kathryn Bailey

Elisa Barton

Rebekka Dale

Retail

Anita Richardson

Head of Retail

Abdul Aziz

Dennis Dalby

Matthew Goody

Estelle Martin

Michael Parkhouse

Gaia Staffa

Sonja Tiblijas

Georgia Twigg

The Finance and Operations Department

Simon Pink ACA

Finance and Operations Director

Finance

Zhinong Chen

Indranee Dayaseelan

Personnel

Paul Little

Facilities

Keith Welch

Head of Building and Facilities

Tony Carlton

Everton Smith

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Security

John Power *Head of Security*

Security Staff Managers

Nathalie Rebillon-Lopez
Catherine Smith

Security Supervisors

Colleen Cummins
Jason Irwin
Brian Mitchell

Security Team Members

Chris Chamberlain
Cynthia Christou
Pauline Dixon
George Etuk
Alain Pottier

Martin Quirke
Jamie Samain
Caroline Tooley
Augustine Ugwu

Gallery Team Supervisor

Peter Rispin

Gallery Team Members

Seth Brignell
Margaret Bruen
Hoffman Bynoe
Chris Caisley
Eric Carrington
Kathryn Cassidy
David Chivers
Anthony Codrington
Rhonda D'Agnolo
Andreas D'Apice
Peter Elia
Paola Ferracini
Beverley Fish
Juan Jose Gomez
Kevin Grady
Thomas Gray
Robert Gregory
Marie Headen
Georgina Heskin
Magdalena Kondracka
Kafat Lam

Danuta Lasik
Nazmeen Latif
David Legge
Maria Lopez
Jagz Madahar
Christina Marchant
Maria Mascot
Ivar Matheson
Anwar Mungroo
Robert Nelson
William Osborn
Roselyn Pridmore
Adrian Pye
Marie Reynolds
William Riding
Pamela Ruff
Sergey Ruthovsky
Gualtiero Vitelleschi
Basil Youdell
Glynis Younan

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Annex I - Wallace Collection Supporters 2007-08

Individuals

Anonymous	J Durval Mergulhao
Lady Alexander	M. Alain Moatti
Catherine Armitage	Jennifer Montagu
Richard Aylmer	Thomas Massey Moore
Viscountess Bridgeman	Mr and Mrs James Norling
Elizabeth A R Brown	Jean and John Northover
Susan and John Burns	Mrs Annie Norman - In memory of the late A V B Nick Norman
Mr and Mrs Peter Cadbury	Beville Pain
Charles and Amanda Haddon-Cave	Jeannie Pearman
The Marquess of Cholmondeley	The Lord Phillimore
Count Andrzej Ciechanowiecki	Lady Phillips
Cynthia and Oliver Colman	Mr and Mrs Charles Pridgeon
Manny and Brigitta Davidson Family	Charles and Tineke Pugh
Dame Vivien Duffield	Sir John Ritblat
Hon Simon Eccles	Pamela Roditi
Nicholas and Gillian Eeley	Kate de Rothschild
Lord and Lady Egremont	Sir Evelyn de Rothschild
Marc Elardo	Charles Russell
Giles Ellwood	Simon Sainsbury
Nicholas and Judith Goodison	Adrian Sassoon
Irene Graham	Timothy Schroder
Lt. Commander Paul Fletcher	Andrew and Belinda Scott
Michel and Michael Beiny Harkins	Mr and Mrs Frederic Sharf
Lord and Lady Harris of Peckham	Mr and Mrs Morton Sosland
Lady Heseltine	Mrs Mimi Stafford
Dr Alan J Horan OBE and Mrs Alan Horan	Carole Stone
Della Howard	The Dowager Lady Swaythling
Colette and Philip Hubbard	Carolyn Townsend
Hugh Hudson-Davies	The Rt Hon Lord Tugendhat
James and Lucilla Joll	Dr Lady Tunnicliffe
Barbara Thomas Judge	Patrick and Rita Vaughan
Daniel Katz MBE	Jack Verhoeven
Mr and Mrs James Kirkman	Cecilia and Arend Versteegh
Mr Norman. A. Kurland and Ms Deborah. A. David	Lord and Lady Wolfson of Marylebone
David Lavender	Jane Wainwright
Mr and Mrs Joe Lewis	Mme Helene David-Weill
John and Suzy Lewis	The Hon Mrs Simon Weinstock
Michael Mackenzie	Mary Weston
Whitney MacMillan	Clement Wheeler
Peter Marino	Mr and Mrs Rainer Zietz

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Trusts and Foundations

The Aurelius Charitable Trust
The Band Trust
Tillotson Bradbery Charitable Trust
The Elizabeth Cayzer Charitable Trust
The Friends of the BADA Trust
John S Cohen Foundation
Excel Fund
Marc Fitch Fund
The Foyle Foundation
The Furniture History Society
The Samuel H. Kress Foundation
The Kirby Laing Foundation
The Leche Foundation
The Lynn Foundation
John Lyon's Charity
The Ofenheim Charitable Trust
The John R Murray Charitable Trust
Schroder Foundation
The William Arthur Rudd Memorial Trust

Corporate

Sponsors

Barclays plc
S. J. Phillips Ltd
Sotheby's

Members

Colliers CRE
Delancey
Derwent London
Ernst & Young LLP
European Credit Management
Hay Group
LaSalle Investment Management
Morgan Stanley
Pell Frischmann
Pellings
Pentland Group plc
The Portman Estate
R&M Management (I.O.M) Limited
Total

Government

Departure for Culture, Media and Sport

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Organisations and individuals holding events at the Wallace Collection

1858 limited	"Hargreaves, Newberry Gyngell"
2008 Director's Lecture	Harper Collins Publishers
ABN Amro	Harvard Business School
Academia Rossica	Hay Group
Advent International	HBK
AMA Ltd	Health Foundation
Anna Bromilow Wedding	Henry Cobbe Wedding
Avenue Capital	Hewitt Associates
Axis Capital	Imagination Ltd
Baker and McKenzie	Isis Equity Partners Plc
Barclays Capital	Itau Bank
Barclays Global Investors	Jessica Perks & David Platt Wedding
Barclays Wealth	JP Morgan
BC Partners	Kier Property
BCSC	KPMG LLP
BDO Stoy Hayward - Club 180	La Caze Exhibition Opening
BlackRock	Lasalle Investment Management
Bridgepoint Capital	London Diversified Fund
British Land	London Stock Exchange
Butterfield Private Bank	Lovells LLP
Cedar Rock Capital	Lucy Rowe & Duncan Marshall Wedding
Chairman's Dinner 2007	Manny & Brigitta Davidson Golden Wedding Party
Charles Russell	Marex Financial
Charlotte Hodes Exhibition Launch	McKinsey
CIO Connect	MediCapital Bank Plc
City Practitioners	Medtronic
Colliers CRE	Merrill Lynch
DALKIA	Mills and Boon
Deloitte	Morgan Stanley
Denton Wilde Sapte	Mr and Mrs Stein Private Party
Deutsche Bank	Nabarro LLP
Drawings from Waddesdon Manor Exhibition Launch	Naheda Fustok Engagement Party
ELLE Decoration Design Awards	Nasdaq
EMX Company Ltd	New Energy Finance
Ernst & Young	New Star Asset Management
Euromoney Conferences	Orbis
European Credit Management	Patek Philippe
Fetherstonhaugh Associates	Pearson VUE
Franklin Templeton Investment	Pellings
French Porcelain Society	Pentland Group plc
Freshfields	Perkins & Will
Gibson Dunn & Crutcher	Pinsent Masons
Graham Layton Trust	Poetry Book Society

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Portman Estate	Taylor Bennett
Prologis Developments Quintessentially Events	The Art Fund
R&M Management Ltd	The Communications Group
Relais & Chateaux	The Diamond Trading Company
Richard Max & Lara Levy Wedding	The Jonathan Seaward Organisation
Robin Derrick Wedding	The Nichols Group
Rodean Private Tour	The Prince's Trust
RTKL	TRI Hospitality
Russell Cooke	UBS Wealth Management
Sage Publications	Unique Venues of London Client Party
Sandoe Organisation	Victor Hugo Event
Santander	Vision Capital
Schroder Foundation	Watson Furniture Symposium
Schroder Silver Exhibition Launch	Westminster Business School
Serica Energy	Lord & Lady Wolfson Dinner
Sir Terry Farrell Wedding	Zest Events
T Rowe Price	

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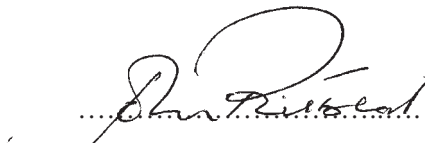
Statement of Trustees' and Accounting Officer's Responsibilities

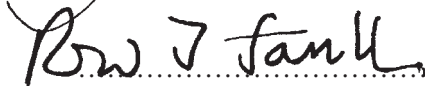
Under Sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts 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** 9 July 2008


.....**Director and**
Accounting Officer 9 July 2008

* 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.

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 2008 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 Wallace Collection Annual Report and Accounts 2007-08

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. In 2007-08 this can be seen by the decision to go ahead with the renovation of the external walls and the replacement of one armoury ceiling. Whilst such 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 2007-08 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 and the development of a Collections Management System;
- Increasing self generated income without increasing the risk to the fabric of the building; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade II 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 continued throughout the year. Once again the internal auditor was able to provide the Accounting Officer and Board of Trustees with a full assurance statement for 2007-08. Internal Audit's overall assessment was that the controls in place were generally sound. Where deficiencies have been found action is in place to improve processes. In this year, this includes improvements to stock control systems and timely presentation of the risk register to the Trustee Board for approval.

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

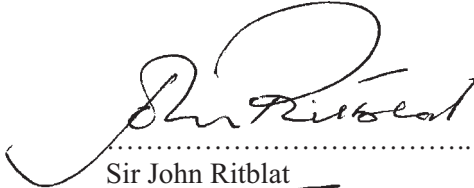
- The Trustee Board brings wide-ranging experience and a fresh perspective to key decision-making discussions. All key issues are brought to the Trustee Board's notice for discussion and ratification; and
- The Audit Committee meets up to four times a year. They support the main Trustee Board and the 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.



.....
Dr Rosalind Savill
Director and Accounting Officer

9 July 2008



.....
Sir John Ritblat
Chairman

9 July 2008

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THE WALLACE COLLECTION

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

I certify that I have audited the financial statements of The Wallace Collection for the year ended 31 March 2008 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Collection Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and auditor

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises the Background; Structure, Governance and Management; Financial Review; and Reference and Administrative details of the Charity, its Trustees and Advisors, included in the Annual Report, is consistent with the financial statements. I also report whether the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

In addition, I report to you if The Wallace Collection has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Review of the Year; the unaudited part of the Remuneration Report; and the Annexes. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in

The Wallace Collection Annual Report and Accounts 2007-08

the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to The Wallace Collection's circumstances, consistently applied and adequately disclosed.

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of The Wallace Collection and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- the information, which comprises the Background; Structure, Governance and Management; Financial Review; and Reference and Administrative details of the Charity, its Trustees and Advisors, included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
14 July 2008

The Wallace Collection Annual Report and Accounts 2007-08

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

	Notes	Unrestricted Funds	Restricted funds	Total 2007/08	Total 2006/07
		£000	£000	£000	£000
Incoming resources					
Incoming Resources from generated funds					
Voluntary Income					
Donations and similar resources	2	328	402	730	1,058
Grant-in-Aid	2	4,156	0	4,156	3,528
Other Public Funds	2	0	160	160	160
Activities for generating funds					
Trading income	15	1,532	0	1,532	1,316
Investment income	4	38	3	41	40
Incoming resources from charitable activities	3	46	0	46	46
Total incoming resources		6,100	565	6,665	6,148
Resources expended					
Costs of generating funds					
Costs of generating voluntary income					
Fundraising expenditure		216	0	216	174
Marketing and design expenditure		235	0	235	247
Trading: cost of goods sold and other costs		790	0	790	715
Charitable activities					
Conservation expenditure		223	31	254	219
Collections expenditure		849	318	1,167	992
Security expenditure		1,372	0	1,372	1,377
Building and maintenance expenditure		1,870	529	2,399	1,567
Governance Costs	5	19	26	45	44
Total resources expended		5,574	904	6,478	5,335
<i>Net (outgoing)/incoming resources before notional costs</i>		526	(339)	187	813
Notional costs of capital	7	111	12	123	111
Net incoming/(outgoing) resources including notional costs		415	(351)	64	702

The Wallace Collection Annual Report and Accounts 2007-08

	Notes	Unrestricted Funds	Restricted Funds	Total 2007/08	Total 2006/07
		£000	£000	£000	£000
Reversal of notional costs of capital		111	12	123	111
Net incoming resources before other recognised gains and losses		526	(339)	187	813
Gains on revaluation of fixed assets for charity's own use	13	124	2,345	2,469	1,422
Net movement in funds		650	2,006	2,656	2,235
Fund Balances Brought Forward at 1 April 2007		4,065	34,605	38,670	36,435
Fund Balances Carried Forward at 31 March 2008	13	4,715	36,611	41,326	38,670

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

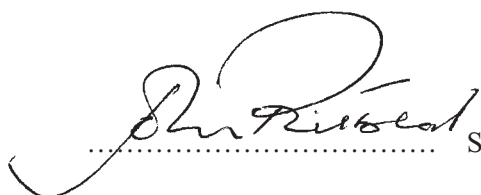
The Collection has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 72-89 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2007-08

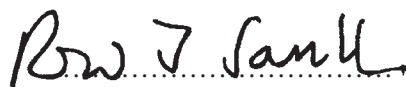
Consolidated Balance Sheet at 31 March 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	9	40,371	38,387
Current assets			
Stock		250	194
Debtors	10	461	372
Cash at bank and in hand	14	1,161	497
		1,872	1,063
Creditors: amounts falling due within one year	11	(917)	(780)
Net current assets		955	283
Net assets	12	41,326	38,670
Represented by:			
Restricted income funds	13	30,246	30,585
Restricted revaluation reserve	13	6,365	4,020
Unrestricted funds:			
Designated funds	13	4,010	3,534
Unrestricted revaluation reserve	13	422	298
General funds	13	283	233
Total funds	13	41,326	38,670



Sir John Ritblat - Chairman

9 July 2008



Dr Rosalind Savill - Director
and Accounting Officer

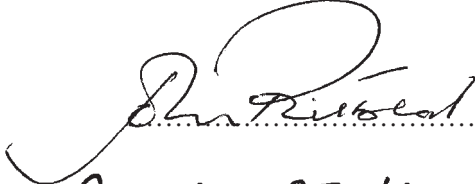
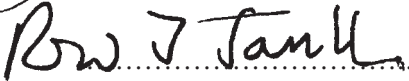
9 July 2008

The notes on pages 72-89 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2007-08

**The Collection Balance Sheet
at 31 March 2008**

	Notes	2008 £000	2007 £000
Fixed assets			
Investment	15	0	0
Tangible assets	9	40,350	38,377
		<hr/>	<hr/>
		40,350	38,377
Current assets			
Stock		117	75
Debtors	10	1,049	409
Cash at bank and in hand		492	307
		<hr/>	<hr/>
		1,658	791
Creditors: amounts falling due within one year	11	(695)	(510)
Net current assets		<hr/>	<hr/>
		963	281
Net assets		<hr/>	<hr/>
		41,313	38,658
Represented by:			
Restricted income funds		30,246	30,585
Restricted revaluation reserve		6,365	4,020
Unrestricted funds:			
Designated funds		4,010	3,535
Unrestricted revaluation reserve		422	298
General funds		270	220
		<hr/>	<hr/>
Total funds		41,313	38,658


 Sir John Ritblat - Chairman 9 July 2008

 Dr Rosalind Savill - Director and
 Accounting Officer 9 July 2008

The notes on pages 72-89 form part of these financial statements

The Wallace Collection Annual Report and Accounts 2007-08

**Consolidated Cash Flow Statement
for the year ended 31 March 2008**

	Notes	2008 £000	2007 £000
Net cash inflow from operating activities	14 a)	995	1,662
Returns on investment and servicing of finance	14 b)	41	40
Capital expenditure and financial investment	14 b)	(372)	(1,584)
Increase (decrease) in cash in the year	14 c)	<u>664</u>	<u>118</u>

The notes on pages 72-89 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2007-08

Notes to the financial statements for the year ended 31 March 2008

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 Statement of Recommended Practice 'Accounting and Reporting by Charities' (2005), the HM Treasury Financial Reporting Manual, the Accounts Direction given by the Secretary of State for Culture, Media and Sport and applicable accounting standards.

The consolidated accounts are for The Wallace Collection and its subsidiary Hertford House Marketing Ltd; they exclude the accounts for the American Friends of the Wallace Collection. This is because they are an entirely separate organisation over which the Wallace Collection exercises no control. The accounts for Hertford House Marketing Limited are consolidated with the accounts for the Wallace Collection on a line by line basis.

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.

Income relating to future periods is counted as deferred and realised in the year to which it relates. Deferred income relates to deposits for future Corporate Events plus the element of Corporate Membership fees that relates to the subsequent year. Where donations relate to future exhibitions the donations are deferred.

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

The Wallace Collection Annual Report and Accounts 2007-08

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. The make up of governance costs and the basis for apportionment is set out in Note 5.

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 £1,000 and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £500 and purchased in bulk are grouped and capitalised when the combined total exceeds £1,000. 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 and heritage assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

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Freehold land	- not depreciated
Freehold buildings	- over the expected remaining life, assessed as 100 years at 31 March 2006
Office equipment	- over 4 years (except Wallace Live, 10 years)
Fixtures and fittings	- over 4 years (electrical equipment) 10 years (other fixtures and fittings) and 25 years (refurbishment projects). Capitalised heritage assets (frames) are not depreciated

Assets Under Construction are capitalised and not depreciated until they come into usage. At that point they are transferred into other categories of asset and depreciated accordingly.

The fixed assets are re-valued to current costs, where material, using a range of appropriate indices. Impairment reviews are carried out where fixed assets show indications of potential impairments.

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 HM Treasury Financial Reporting Manual, 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.

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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% (2006/07 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. Voluntary Income

£4,156,000 (2006/07 £3,528,000) of Grant in Aid has been received from the Department for Culture, Media and Sports (Request for Resources 1) during the year, of which £1,500,000 has been used to fund capital improvements (2006/07 £1,000,000); the remainder was used to fund operating expenditure. An additional £160,000 was received from DCMS/DfES for strategic commissioning of e-learning and regional partnerships (2006/07 £160,000). Donations and similar charges include a donation of £75,000 from the DCMS/Wolfson Foundation fund towards the cost of refurbishing the galleries.

3. Incoming resources from charitable activities

The operating income from collection activities of £45,854 (2006/07 £45,641) includes £42,660 income from education activities (2006/07 £39,069), and other miscellaneous income of £3,194 (2006/07 £6,572).

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4. Investment income

	2007/08	2006/07
	£000	£000
Interest receivable	41	40

Interest is earned on short term cash deposits.

5. Total resources expended

a)	Staff costs	Other costs	Depreciation	2007/08	2006/07
	£000	£000	£000	£000	£000
Costs of generating funds					
Fundraising	120	96	0	216	174
Marketing and Design	81	154	0	235	247
Trading	451	329	10	790	715
Charitable activities					
Conservation	169	85	0	254	219
Collections	669	498	0	1,167	992
Security	1,276	96	0	1,372	1,377
Building and Maintenance	182	1,436	781	2,399	1,567
Governance	0	45	0	45	44
	2,948	2,739	791	6,478	5,335

b) Governance costs

Governance costs include:

	2007/08	2006/07
	£000	£000
Trustee Board costs	14	12
Legal Fees	4	6
External and Internal Audit Fees	27	26
Totals	45	44

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c) Support Costs Breakdown by Activity

Support Costs	Fundraising	Marketing & Design	Trading	Conservation	Collections	Security	Building & Maintenance	Totals 07/08	Totals 06/07
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Director's Office	18	18	18	18	83	9	18	182	190
Finance	5	6	20	6	27	36	130	230	183
Human Resources	1	1	7	2	10	33	2	56	68
Office support and supplies	6	12	12	6	18	3	3	60	69
Total	30	37	57	32	138	81	153	528	510

Support costs are re-attributed to the main spending areas based on the most appropriate method of apportionment. This may be by proportion of usage (Director's Office and Office Support and Supplies), overall expenditure (Finance) or staff numbers (Human Resources).

d) Breakdown of Costs of Direct Activities

Activity	Activities undertaken directly £000	Support costs £000	Total 07/08 £000	Total 06/07 £000
Fundraising expenditure	186	30	216	173
Marketing and design expenditure	198	37	235	246
Trading expenditure	733	57	790	712
Conservation expenditure	222	32	254	218
Collections expenditure	1,029	138	1,167	983
Security expenditure	1,291	81	1,372	1,374
Building and maintenance expenditure	2,246	153	2,399	1,562
Total	5,905	528	6,433	5,268

6. Staff costs

a)	2007/08 £000	2006/07 £000
Wages and salaries	2,319	2,167
Social security costs	175	166
Pension costs	366	346
	2,860	2,679
Casual staff costs	88	53
	2,948	2,732

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The above does not include £60,090 relating to staff costs that were capitalised in year (2006-07 £107,000). These are staff costs relating solely to the development of the Wallace Live Collections Management System.

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

	2007/08	2006/07
£60,001 – £70,000	3	0
£90,001 – £100,000	1	0
£110,000 – £120,000	0	1
	<hr/>	<hr/>
	4	1

b) Pension Costs

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 but 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).

For 2007/08, employers' contributions of £358,897 were payable to the PCSPS (2006/07: £356,691) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2007/08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. At 31 March 2008 seven members of staff had taken up this option (2006/07: Four).

Employers' contributions of £6,530 (£2006/07: £3,506) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions equivalent to 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,124 (2006/07: £475). No contributions were prepaid at that date.

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

	Permanent Staff	Temporary Staff	Managerial Staff	2007/08 Total	2006/07 Total
Director's Office	1.0	0.0	1.0	2.0	2.5
Conservation	4.0	0.0	0.0	4.0	3.8
Collections	15.6	0.0	1.0	16.6	14.4
Security	49.4	4.0	0.0	53.4	54.0
Building and Maintenance	3.0	0.0	0.0	3.0	3.0
Fundraising	2.5	0.0	0.5	3.0	2.0
Marketing & Design	1.5	0.0	0.5	2.0	1.8
Trading	11.6	0.0	0.0	11.6	9.5
Finance and HR	4.0	0.4	1.0	5.4	4.0
	92.6	4.4	4.0	101.0	95.0

The above figures relate to full time equivalent staff numbers. This excludes the capitalised element of fixed term staff members whose costs were capitalised until November 2007. The capitalised element equates to 2.3 full time equivalent staff for the year as a whole.

c) Trustees

The Trustees neither received nor waived any emoluments during the year (2006/07: £nil). Expenses reimbursed to one of the Trustees for travel and subsistence amounted to £220 (2006/07: £343). This was funded from a specific donation. One honorary trustee received reimbursement for travel and subsistence expenses of £412 (2006/07: £nil). The Chairman and Board of Trustees are appointed for periods of 3 to 5 years.

7. Notional cost of capital

Notional cost of capital is calculated as 3.5% (2006/07 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 £122,639 (2006/07: £110,570). The Treasury has agreed that Hertford House is a heritage asset and therefore subject to a nil cost of capital charge.

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8. Net incoming resources

Net incoming resources are stated after charging:

	2007/08 £000	2006/07 £000
Auditors' remuneration:		
External auditors fees	21	21
Internal audit fees	6	6
Operating lease rentals for hire of plant and machinery	19	11
Travel, subsistence and hospitality	30	39

All external auditors' remuneration was for audit work.

9. Tangible fixed assets

Group

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
Cost/valuation					
Balance at 01-Apr-07	36,980	1,695	252	1,002	39,929
Additions	6	85	61	220	372
Transfers	394	256	358	(1,008)	0
Disposals	0	0	(24)	(65)	(89)
Revaluation	2,524	(6)	0	0	2,518
Balance at 31-Mar-08	39,904	2,030	647	149	42,730
Depreciation					
Balance at 01-Apr-07	512	826	204	0	1,542
Charge for the year	549	158	85	0	792
Disposals	0	0	(24)	0	(24)
Revaluation	32	17	0	0	49
Balance at 31-Mar-08	1,093	1,001	265	0	2,359

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Net book value

Balance at 31-Mar-08	38,811	1,029	382	149	40,371
Balance at 31-Mar-07	36,468	869	48	1,002	38,387

Fixtures and fittings includes frames that are heritage assets with a net book value of £66,224.

The net book value at 31 March 2008 represents tangible fixed assets used for:

	Freehold land and buildings £000	Fixtures and fittings £000	Office equipment £000	Assets Under Construction £000	Total £000
Charitable purposes	38,811	1,016	374	149	40,350
Trading Activities	0	13	8	0	21
	38,811	1,029	382	149	40,371

The Collection

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
Cost/valuation					
Balance at 01-Apr-07	36,980	1,646	196	1,002	39,824
Additions	6	76	50	220	352
Transfers	394	256	358	(1,008)	0
Disposals	0	0	(24)	(65)	(89)
Revaluation	2,524	(6)	0	0	2,518
Balance at 31-Mar-08	39,904	1,972	580	149	42,605

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Depreciation

Balance at					
01-Apr-07	512	783	152	0	1,447
Charge for the year	549	156	78	0	783
Disposals	0	0	(24)	0	(24)
Revaluation	32	17	0	0	49
Balance at 31-Mar-08	1,093	956	206	0	2,255

Net book value

Balance at 31-Mar-08	38,811	1,016	374	149	40,350
Balance at 31-Mar-07	36,468	863	44	1,002	38,377

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 £35,000,000 on a depreciated replacement cost basis at 31 March 2006 by an independent surveyor in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, First Edition. In between full five yearly revaluations the land, building and fixtures and fittings are revalued on an annual basis using Office for National Statistics official indices.

10. Debtors

	Group 2008	Group 2007	Collection 2008	Collection 2007
	£000	£000	£000	£000
Trade debtors	238	216	32	28
Other debtors	19	19	19	19
VAT debtors	80	35	130	92
Amount due from subsidiary	-	-	772	195
Prepayments and accrued income	124	102	96	75
	461	372	1,049	409

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

There are no material balances outstanding at 31 March 2008 relating to the Whole of Government Accounts.

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11. Creditors: amounts falling due within one year

	Group 2008 £000	Group 2007 £000	Collection 2008 £000	Collection 2007 £000
Trade creditors	358	161	335	137
Taxation and Social Security	84	86	84	86
Accruals	215	283	204	265
Deferred Income	260	250	72	22
	<u>917</u>	<u>780</u>	<u>695</u>	<u>510</u>

There are no material balances outstanding at 31 March 2008 relating to the Whole of Government Accounts.

12. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total March 2008 £000
Fund balances at 31 March 2008 are represented by:			
Tangible fixed assets	4,050	36,321	40,371
Current assets	1,583	289	1,872
Current liabilities	(917)	0	(917)
Total net assets	<u>4,716</u>	<u>36,610</u>	<u>41,326</u>

There are no unrealised gains included above.

The Wallace Collection Annual Report and Accounts 2007-08

13. Statement of funds

	Balance at 1 April 2007	Income	Expenditure	Revaluation	Transfers	Balance at 31 March 2008
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
Designated funds:						
Capital projects fund (a)	3,608	348	(328)	0	0	3,628
Revaluation Reserve	298	0	0	124	0	422
Deferred Project Reserve (b)	(74)	74	(124)	0	0	(124)
Designated capital fund (c)	0	441	0	0	0	441
Designated non capital fund (d)	0	65	0	0	0	65
General funds	233	5,172	(5,122)	0	0	283
Total unrestricted funds	4,065	6,100	(5,574)	124	0	4,715
Restricted income funds						
Capital reserve (e)	30,462	24	(529)	0	0	29,957
Revaluation Reserve	4,020	0	0	2,345	0	6,365
Conservation projects (f)	0	31	(31)	0	0	0
Education fund (g)	0	203	(203)	0	0	0
Publication fund (h)	1	16	(17)	0	0	0
Archive project (i)	76	28	0	0	0	104
Curatorial Projects (j)	0	15	(15)	0	0	0
Exhibitions fund (k)	14	83	(83)	0	0	14
Gallery Refurbishment (l)	0	165	0	0	0	165
Chairman's Fund (m)	32	0	(26)	0	0	6
Total restricted funds	34,605	565	(904)	2,345	0	36,611
Total funds	38,670	6,665	(6,478)	2,469	0	41,326

a) The Capital Projects Fund comprises the Collection's fixed assets purchased using unrestricted funds.

b) The Deferred Project reserve reflects the amounts expended in the year of account in preparation for future projects which will be funded from future receipts.

c) The Designated capital reserve reflects amounts designated from general income for future capital projects. It will be cleared in the coming year on expenditure on phase III of the gallery refurbishments.

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- d) The designated non capital fund reflects amounts designated from general income for future non capital projects. It will be cleared in the coming year.
- e) The Capital Reserve Fund represents the net book value of the property and other fixed assets received from restricted funds
- f) The Conservation Projects Fund was set up in 1998 with funding received from a number of sponsors specifically for conservation projects.
- g) 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 2007-08 by a £160,000 donation from DCMS/DfES for strategic commissioning of e-learning and regional partnerships.
- h) The Publication reserve reflects donations towards the Collection's scholarship activities.
- i) The archive fund was set up by a bequest in 2005/06 in order to facilitate the cataloguing and research of the Collection archives.
- j) The curatorial fund was set up in 2005/06 with a donation to allow the purchase of a historic picture frame. It continues with donations towards curatorial purchases and activities.
- k) The Exhibition fund was set up in 2005/06 in order to facilitate the Collection's temporary exhibition programme.
- l) 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.
- m) The Chairman's Fund receives donations from the Chairman 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.

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14. Cash flow information

a) Reconciliation of net incoming resources to net cash inflow from operating activities

	2007/08 £000	2006/07 £000
Net (outgoing)/incoming resources for the year	187	813
Depreciation	9 792	699
Investment income received	4 (41)	(40)
Loss/(profit) on disposal of fixed assets	65	33
(Increase)/decrease in stock	(56)	37
(Increase)/decrease in debtors	10 (89)	(48)
Increase/(decrease) in creditors	11 137	168
Net cash inflow from operating activities	<u>995</u>	<u>1,662</u>

b) Analysis of cash flows

	2007/08 £000	2006/07 £000
Returns on investments and servicing of finance		
Interest received	4 41	40
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	9 372	1,584

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

	2007/08 £000	2006/07 £000
(Decrease)/Increase in cash in the year	<u>664</u>	<u>118</u>
Movement in net funds in the year	<u>(664)</u>	<u>(118)</u>
Net funds at 1 April (note 14(d))	<u>497</u>	<u>379</u>
Net funds at 31 March (note 14(d))	<u>1,161</u>	<u>497</u>

d) Analysis of net funds

	01-Apr 2007 £000	Cash Flow £000	31-Mar 2008 £000
Cash at bank and in hand	<u>497</u>	<u>664</u>	<u>1,161</u>

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15. Hertford House Marketing Ltd

The Collection owns the whole of the issued share capital of 2 issued shares of £1 nominal value, of Hertford House Marketing Limited, a company registered in England & Wales. The company's principal activities are Corporate Event hire, Retail, the Picture Library and the running of the Wallace Restaurant franchise. Hertford House Marketing Limited commenced formal trading on 1 April 2000. The Chairman of Trustees and the Collection's Director are the only directors of the company.

Income and Expenditure

Account:

	2007/08	2006/07
	£000	£000
Turnover	1,532	1,316
Cost of Sales	(180)	(182)
Gross profit	1,352	1,134
Administrative Expenses	(642)	(582)
Operating Profit	710	552
Interest Receivable	18	17
Contribution to The Wallace Collection	(727)	(569)
Net Profit before Tax	1	0
Tax	0	0
Net Profit (Loss) after Tax	1	0

Balance sheet

	2008	2007
	£000	£000
Tangible Fixed Assets	21	11
Current Assets	1,036	525
Current Liabilities	(1,043)	(523)
Net Assets	14	13
	2008	2007
	£000	£000
Share Capital	0	0
Reserves	14	13
Net Assets	14	13

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16. Financial commitments

At 31 March 2008 the Collection had annual commitments under non-cancellable operating leases for equipment as follows:

Operating leases expiring within:	2008	2007
	£000	£000
In under one year	0	0
In the second to fifth years inclusive	19	2
Over five years	0	15
	<u>19</u>	<u>17</u>

Hertford House Marketing Ltd has no such financial commitments.

17. Financial Instruments:

FRS 13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the Collection faces in undertaking its activities.

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

Liquidity Risk

– The majority of income (i.e. 62%) is received by way of Grant in Aid. The remainder of operational costs must be financed by self-generated income which is volatile. This risk is managed through the Collection's policy to maintain general and designated funds and is reviewed periodically.

Foreign Currency Risk

The Collection does not undertake foreign currency transactions

Interest Rate Risk

The Collection has no borrowings and all cash deposits are for terms of less than three months, consequently there is no exposure to interest rate risk.

18. Capital commitments

At 31 March 2008 capital expenditure commitments were as follows:

	2008	2007
	£000	£000
Authorised by the Trustees and contracted for	<u>0</u>	<u>44</u>

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19. Related party transactions

The Wallace Collection is a non-departmental public body of the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year, the Wallace Collection has had a number of material transactions with the Department. During the year, no Trustee, key manager or related parties has undertaken any material transactions with the Wallace Collection.

20. Post Balance Sheet Events

There were no significant events after the year end.

The accounts were authorised for issue on 14 July 2008 by the Accounting Officer.

21. Contingent Liabilities

There were no contingent liabilities as at 31 March 2008.



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