

# Victoria and Albert Museum Annual Report and Accounts 2011-2012

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# Annual Report

## Introduction

The Victoria and Albert Museum (V&A) is Britain's national museum of art and design. It was founded in 1837 as the Museum of the School of Design in Somerset House and it reached a wider public after its move to Marlborough House when it became known as the Museum of Manufactures. It was subsequently renamed the Museum of Ornamental Art in 1853. In South Kensington since 1857, it became the "Victoria and Albert Museum" in 1899. The V&A was part of the Government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984 when it acquired Trustee status with the passing of the National Heritage Act 1983 (The Act).

The V&A Board of Trustees has the following general functions as expressed in The Act:

*So far as practicable and subject to the provisions of this Act, the Board shall:*

- a) care for, preserve and add to the objects in their collections*
- 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 art, craft and design both by means of the Board's collections and by such other means as they consider appropriate.*

The V&A comprises the main site at South Kensington, the V&A Museum of Childhood at Bethnal Green and the archive/study collections site at Blythe House, West London. The Museum also has a collections store in Dean Hill Park, Wiltshire.

## V&A Mission

*To be the world's leading museum of art and design; enriching people's lives by promoting knowledge, understanding and enjoyment of the designed world.*

## V&A Strategic Objectives

- To provide optimum access to collections and services for diverse audiences, now and in the future.
- To be acknowledged and respected as the world's leading museum of art and design.
- To promote, support and develop the UK creative economy by inspiring designers and makers, and by stimulating enjoyment and appreciation of design.
- To operate with financial and organisational efficiency.

## In Brief

2011-12 has been another very successful year for the V&A achieving record participation in London, across the UK and internationally. In June 2011 Sir Mark Jones retired, following 10 years as Director of the Museum. Martin Roth (formerly Director General of the Dresden State Art Collections) commenced as Director in September 2011. Activity in the year that contributed to each of the strategic objectives is described in this report.

## Access to Collections

### AUDIENCES

One of the Museum's key goals is to continue to increase the number of people who visit the V&A, both physically through our extensive redevelopment of the galleries, and virtually through our ambitious digital advances.

In 2011-12, visitor figures to the V&A South Kensington and the Museum of Childhood were the highest achieved in the history of both museums, with visitors to South Kensington at 2,888,700 and to the Museum of Childhood at 443,300.

It has been an exciting year, with eleven exhibitions organised by the V&A, shown at eighteen venues in the UK. Total visits to all V&A sites and touring exhibitions were 5,480,800. When we include visitors to the V&A website and digital offerings, the number rises to an even more impressive 30,730,400.

This second consecutive year of record attendance was achieved thanks to an extensive public programme of temporary exhibitions, permanent displays and installations with accompanying events and activities that appealed to the widest possible audience.

The V&A was promoted through a powerful advertising campaign focussing on the experience of a general visit to the V&A and drawing attention to free admission. Exhibition highlights included: *Yohji Yamamoto*, *The Cult of Beauty*, *Figures and Fictions*, *Power of Making*, *Postmodernism*, *Queen Elizabeth II by Cecil Beaton* and *Food Glorious Food* at the Museum of Childhood.

Exhibition	Dates	Visits
<b>SOUTH KENSINGTON</b>		
<i>Yohji Yamamoto</i>	12/03/2011 – 10/07/2011	70,500
<i>The Cult of Beauty: The Aesthetic Movement 1860-1900</i>	02/04/2011 – 17/07/2011	138,000
<i>Figures and Fictions: Contemporary South African Photography</i>	12/04/2011 – 17/07/2011	21,400
<i>Power of Making</i> (free)	06/09/2011 – 02/01/2012	320,700
<i>Postmodernism: Style and Subversion 1970-1990</i>	24/09/2011 – 15/01/2012	114,900
<i>Queen Elizabeth II by Cecil Beaton</i>	07/02/2012 – 22/04/2012	67,500
<b>MUSEUM OF CHILDHOOD</b> (all exhibitions free – specific visit numbers not collected)		
<i>Food Glorious Food</i>	29/01/2011 – 25/04/2011	
<i>From the Tiger Who came to Tea to Mog and the Pink Rabbit</i>	28/05/2011 – 04/09/2011	
<i>Magic Worlds</i>	08/10/2011 – 04/03/2012	

### Future Activity

The V&A will continue to deliver a wide ranging public programme including the following exhibitions and displays in 2012-13 at the V&A South Kensington: *British Design 1948–2012: Innovation in the Modern Age*; *Ballgowns*; *Heatherwick Studio: Designing the Extraordinary*; *Hollywood Costume*; and *Light from the Middle East*. At the V&A Museum of Childhood: *Beautiful Games* and *Modern British Childhood*.

### DIVERSITY

The V&A welcomes visitors and staff from all backgrounds, and both our programme and collections reflect the cultural diversity of London and the UK. The Museum has a comprehensive strategy for Access, Inclusion & Diversity. This covers exhibitions and events, new gallery developments and advances in our web and digital offering. We aim to make ourselves accessible to the widest possible audience, including local communities, special interest groups, disabled visitors and audiences who would not normally visit museums.

In 2011-12 the V&A endeavoured to maintain levels of visits by Black, Asian and Minority Ethnic audiences (BAME), lower socio-economic audiences (NS-SEC 5-8) and visitors with disabilities. The BAME audience across all sites has more than doubled since 2001-02 to an encouraging 18%.

Removing barriers to access influences the V&A's activities, and also perceptions of the Museum from both within and outside the organisation. Within its workforce, the V&A aims to reflect the cultural diversity profile depending on the designated recruitment catchment area for different jobs.

## ACQUISITIONS

Developing the V&A's collection is essential to maintaining the Museum's status as the world's leading museum of art and design. The collections represent the best of historic and contemporary design and reflect changing and diverse societies.

The V&A now has 2.23 million objects in its collections. Objects with a total value of £5.4m were added in the year. Of this, the cost of objects purchased was £4.1 million, made possible by funding largely from external sources including generous support from The Art Fund, the Friends of the V&A, and private donors. The values of objects donated, either directly or via the Acceptance in Lieu scheme, was £1.3m.

The V&A continues to be pivotal in the fight to save key heritage objects from export and in safeguarding their future in national public collections. During 2011-12 the Museum raised funds to acquire a statue of the Crouching Venus by John Nost and one of a pair of Venetian baroque console tables bought in partnership with National Museums Scotland. The continued acquisition of historical objects adds to the overall understanding of the collections and challenges established understandings of a particular period, style or artist/designer's work.

A major focus of the V&A's collecting is the 20th and 21st centuries. This year we were pleased to acquire a poster for the film *Blow Up*, 1966, a Gareth Pugh metallic leather evening dress and a model of the London Aquatics Centre by Zaha Hadid Architects amongst others.

Other objects acquired this year reflect the breadth of the V&A's collecting ambitions and include:

- *Stained glass roundels from Brandiston Hall*, by a Norwich artist, c.1500.
- *Sèvres porcelain tea service in original travelling case bought by David Garrick*, 1764.
- *Marble relief, 'Caesar Invading Britain'*, by John Deare, 1796: One of the finest pieces of neo-classical sculpture carved by a British artist.
- *Orkney Chair, 'hooded' model*, made by D.M.Kirkness.
- *Peggy Lines dolls' house*, 1933: Made for the daughter of Walter Lines, joint founder and chairman of internationally regarded toy company Lines Bros. Ltd.
- *'Arezzo', glazed earthenware*, Betty Woodman 1984.
- *Aluminium blue desk*, Garry Knox Bennett, 1990.
- *'Jellyfish installation'*, made by Steffen Dam, Handrup (Ebeltoft), Denmark, 2010.
- *Hand sculpted tulle dress*, Hussein Chalayan commission, 2012.

## FUTUREPLAN

FuturePlan is the V&A's large-scale, long-term capital re-development programme. Its aim is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. As well as access to collections through display and interpretation, FuturePlan contributes to many other V&A agendas such as engagement with the creative industries, increasing audience diversity and inclusion and improving carbon-efficiency. FuturePlan is primarily funded by private donations, charitable foundations and the Heritage Lottery Fund.

In 2011-12 we completed the Photographs and Fashion galleries. Work continued on the Furniture galleries, Cast Courts, The Clothworkers' Centre for Textiles and Fashion Study and Conservation at Blythe House, the Europe 1600-1800 galleries and the Exhibition Road Building Project.

### Future Activity

In 2012-13 we aim to complete the Furniture Galleries and new disabled access to the Cast Courts. The V&A will continue to develop the Futureplan Phase 2 projects.

## DIGITAL FUTUREPLAN

As a museum with a growing global audience, the V&A is committed to exploring the potential of digital media to both widen online access to its collections and its programme and to generate high quality digital content to enhance the audience experience. In 2011-12 the Museum achieved this through expansion of the award-winning Search the Collections site (now over 1 million catalogue records) and this year reaching the milestone of publishing over 260,000 images online.

The main V&A website was completely redesigned and relaunched in May 2012, resulting in a new, image-rich format and a contemporary look and feel which is more accessible to the public. This was accompanied by Chinese and Japanese language sites, as part of our international strategy and by a new website for the Museum of Childhood in January 2012.

The Museum's digital presence extends far beyond its website. The online film magazine, V&A Channel, features films on V&A exhibitions, interviews with artists and designers, and behind-the-scenes coverage of V&A events. We continued to release exhibition guides as well as a free monthly 'What's On' iPad app, and successfully increased the reach of our social media, both within and outside the UK. Users can also access V&A content via Facebook, Twitter, (both of which have seen significant increase in followers) YouTube, Vimeo, Wikipedia and Pinterest.

### **Future Activity**

The website remains at the heart of the V&A's public portfolio which is now being widened across mobile devices, tablets, apps and touchscreens. We are putting in place a new commissioning and IT infrastructure which will enable cost effective development of this wider portfolio of digital content and services.

### **LEARNING AND PARTICIPATION**

The V&A aims to be a world class centre for learning in the fields of creative design, art, history and the broad array of cultures represented in our collections. Our comprehensive learning programmes and events are intended to reflect this. In 2011-12 we exceeded our targets to increase the number of participants by 2% per year at both South Kensington and the Museum of Childhood.

Visits by children (aged 15 and under) were up 16% to 440,100, with onsite participation by children up 12% to 127,500. The number of schoolchildren visiting in groups increased by 6% to 106,700; these are either as free self-guided visits or facilitated workshops and other sessions, for which a small charge is made. Onsite participation by adults in our learning programme remained roughly unchanged at 159,100 participants.

The Museum's learning programmes, projects and events are too numerous to list comprehensively; some highlights are given below to illustrate the range of the offer:

### **V&A South Kensington**

#### **Year Courses**

The Museum's Learning Department runs a range of part-time year-long courses, e.g. Twentieth Century Design 1900-2000 and an extended Arts of Asia 1500-1900 Year Course.

#### **DesignLab Workshops**

Hands-on workshops for secondary schools use iconic objects in the collections to explore design processes through creative activities in the galleries and studio. This year these involved professional collaborations with Seymourpowell, Foster+Partners and the British Fashion Council. Schools can choose from Design for Life; Chair Design; Lamp Design; Fashion Design; Architecture and many more.

#### **Free Art Fun**

This popular programme for families includes activity Back-Packs and drop-in art and design activities to help families engage with the Museum's galleries and collections and develop their creativity. Back-Packs are available every day and other activities take place at weekends and in school holidays. The 2012 February half term saw a record number of participants in special activities ranging from spider storytelling, spider making and weaving inspired by the Golden Spider Silk display, finger knitting and digital comic book making.

#### **Resources for self-guided visits**

The Museum's Learning Department produced new resources to aid self-guided visits including a Black Heritage trail, a family trail, and trails for adults.

## V&A Museum of Childhood

### Wondertots

These fun family learning workshops are designed for parents/carers and their children aged under 5. Each session involves art, drama, music and storytelling inspired by the Museum's collections and exhibitions. The sessions are led by the award-winning team from Artburst, a Hackney-based arts education organisation and funded by the Big Lottery Fund. Attended by over 1,300 participants, 49% are from families facing social exclusion.

### Free Gallery Activities

Everyday our team of Activity Assistants lead free, drop-in activities for families and schools, including tours, arts and crafts, storytelling, object handling, trails and treasure hunts. Over 74,000 visitors participated in 2011-12.

### Schools' Programme

The Museum offers ten different teaching sessions for Reception, KS1 and KS2 exploring history, art, design and technology, citizenship and science. The Schools' Programme was fully booked in 2011-12, and attracted over 64,800 school visitors. The programme also includes SEN-only days, INSET training for teachers, a Hospital School outreach programme, and bespoke talks for secondary schools and colleges. The Museum of Childhood also produced new resources to aid self-guided visits on four new trails throughout the museum.

### Future Activity

At both sites the V&A will continue to develop a range of dynamic learning programmes relating to creative design, art history and cultures represented in the V&A collections.

## The world's leading museum of art and design

### NATIONAL AND INTERNATIONAL

The V&A is a national museum with international collections and a global reach. The V&A benefits from relationships and collaborations both within the UK and internationally which enable us to improve understanding and bring our collections to people and museums all over the world. Liaising with teams of experts both at home and abroad, we are able to share expertise, knowledge and experience and promote the V&A's offering to new and wider audiences. Some achievements and developments for 2011-12 are outlined below.

### International Work and Priorities

The V&A's international work is a key strategic priority. It enables the Museum to engage with an international audience and to build partnerships around the world through touring exhibitions, loan of objects and the sharing of expertise. Relationships with international museums, governments and educational establishments enrich the Museum's knowledge of the collections and support cultural diplomacy. Our ever widening touring exhibition programme, online trading and licensing, serve not only to enhance the Museum's reputation and profile around the world but generate important income for the museum.

In 2011-12 the V&A sustained and built on relationships with priority areas India, China and the Middle East.

Exhibitions collaboration with India included a joint V&A / Victoria Memorial Hall, Kolkata exhibition, *Kalighat Paintings*, and a reciprocal exhibition celebrating Rabindranath Tagore at the V&A. Support from the Bonita Trust allowed two Indian interns to spend 6 months in the Textile Conservation Department. Three museum Masterclasses were presented in Kolkata: 38 professionals from all over India took part. We gave advice to the Salar Jung Museum, Hyderabad on their East Asian collections, and collaborated with the National Institute of Design (NID), Ahmedabad to develop a joint Museum Design programme.

*Street Art: prints from the Victoria and Albert Museum, London* toured to Libya with funding from the British Council and support from the Libyan Ministry of Culture and Civil Society. The project enhanced diplomatic relations between the two countries and made a contribution to cultural life and civil society in Libya.

In 2011-12 the V&A organised 15 international touring exhibitions at a total of 23 venues across the globe and with 2,061,800 visitors.

## International Touring Exhibitions

<b>Title</b>	<b>Venue</b>	<b>Dates</b>	<b>Visits</b>
<i>Constable: Oil Sketches from the Victoria and Albert Museum</i>	Staatsgalerie, Stuttgart	12/03/11–03/07/11	25,200
	Museum of Fine Arts, Ghent	17/09/11–29/01/12	50,000
<i>The Wedding Dress: 300 years of Bridal Fashions</i>	Bendigo Art Gallery, Victoria, Australia	01/08/11–06/11/11	75,000
	Museum of New Zealand Te Papa Tongarewa	17/12/11–22/04/12	75,800
<i>Kalighat Paintings</i>	Victoria Memorial Hall, Kolkata	16/10/11–11/12/11	315,900
	CSMVS, Mumbai	21/12/11–01/02/12	85,000
	Salar Jung Museum, Hyderabad	16/02/12–30/03/12	117,900
<i>Hats: An Anthology by Stephen Jones</i>	Bard Graduate Centre, New York	15/09/11–15/04/12	19,000
<i>Something that I'll never really see. Contemporary Photography from the V&amp;A</i>	National Gallery of Modern Art, Bangalore	23/01/11–27/02/11	2,000
	National Gallery of Modern Art, Delhi	13/03/11–10/04/11	3,000
	Salar Jung Museum, Hyderabad	23/04/11–22/05/11	137,300
<i>Maharaja: The Splendour of India's Royal Courts</i>	Asian Art Museum, San Francisco	21/10/11–08/04/12	131,000
<i>The Cult of Beauty: The Aesthetic Movement 1860-1900</i>	Musée D'Orsay, Paris	12/09/11–15/01/12	424,400
<i>Diaghilev and the Golden Age of the Ballets Russes, 1909-1929</i>	Musée National des beaux arts du Québec	09/06/11–05/09/11	76,800
	La Caixa, Barcelona	04/10/11–15/01/12	105,800
<i>Princely Treasures: European Masterpieces from the V&amp;A, 1600–1800</i>	National Museum of Korea, Seoul	02/05/11–28/08/11	162,400
	National Art Gallery of Western Australia, Perth	24/09/11–09/01/12	33,000
<i>The Jameel Prize 2011</i>	Institut du Monde Arabe, Paris	05/12/11–26/02/12	15,800
<i>Owen Jones: Islamic design, discovery and vision</i>	Museum of the Alhambra, Granada	21/10/11–28/02/12	103,100
<i>Decode</i>	Design Museum, Holon, Israel	18/11/11–17/03/12	31,000
<i>Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration</i>	Fine Art Gallery, Ballarat, Australia	25/02/12–15/04/12	12,300
<i>Art and Design for All: The Victoria &amp; Albert Museum</i>	Kunst- und Ausstellungshalle der Bundesrepublik Deutschland GmbH, Bonn	18/11/11–15/04/12	56,100
<i>Space and Light: Edward Gordon Craig</i>	Jan Fragner, Prague	26/05/11–26/06/11	4,000
<b>TOTAL</b>			<b>2,061,800</b>

## Future Activity

Plans are progressing for UK Now, the festival of British culture in China in 2012. The V&A's contribution will include a joint V&A and British Museum exhibition, Masterpieces of Chinese and European Ceramics at the National Museum of China.

## National Work

The V&A, as a national museum, aims to inspire people wherever they live throughout the UK, therefore work outside London has continued to be a priority this year. Ensuring our collections, scholarship and expertise are as accessible to as many people as possible throughout the UK is achieved via formal and informal networks and partnerships in cultural and academic sectors and is truly embedded in the Museum. V&A staff give talks and lectures throughout the country, are members of boards, committees and subject specialist networks, and provide advice and training to other organisations. Collaboration with external colleagues is an integral way of working in many areas: on acquisitions, peer reviews of collections and research and community projects.

In addition to the extensive programme of national touring exhibitions and loans, highlights of national activity in 2011-12 included:

- Development of the the V&A at Dundee (a joint project funded and operated by Design Dundee Ltd, under licence from the V&A) continued. This will be an international centre of design for the public, housed in a world-class building at the heart of Dundee's waterfront. It will show major exhibitions of international design, celebrate and promote the care of our own design heritage, inspire and help develop contemporary talent, and encourage design innovation for the future. V&A at Dundee forms part of the V&A's long-term UK strategy to bring the Museum's collections and exhibitions to a wider audience. As part of the pre-opening programme for V&A at Dundee, the first in a series of partnership projects between Dundee and the V&A began with the exhibition, *Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration* at The McManus: Dundee's Art Gallery and Museum.
- The V&A Purchase Grant Fund supported 107 acquisitions by 77 museums, archives and libraries across England and Wales. Grants totalling £600,000, funded by Arts Council England (ACE), helped purchases to the value of £2.9 million to proceed.
- The V&A's special relationship with Museums Sheffield continued with a season of talks and loans on John Ruskin, and the Sheffield designer Godfrey Sykes, among others. The Museums Sheffield exhibition *Food Glorious Food* at the Museum of Childhood closed on 25 April 2011 having had 125,600 visits.

The V&A continued its extensive programme of expertise and skills sharing throughout the year:

- As part of the Monument Trust scheme V&A staff organised Chinese ceramics handling sessions in Stoke-on-Trent, Worcester.
- The Dress and Textiles Specialists network received funding from ACE to repeat its popular workshops for curators on identifying textiles.
- The Theatre Information Group held a workshop on curating stage costume in October 2011.

In 2011-12 the V&A organised 10 touring exhibitions within the UK at a total of 15 venues that were seen by 530,300 visitors.

## National Touring Exhibitions

<b>Title</b>	<b>Venue</b>	<b>Dates</b>	<b>Visits</b>
<i>Street Art</i>	Black Rat Press Gallery, London	05/04/11–02/05/11	400
	Nottingham Castle Museum & Art Gallery	02/07/11–25/09/11	73,000
	Chatham Historic Dockyard, Kent	13/10/11–27/11/11	16,000
	Ulster Museum, Belfast	09/12/11–04/03/12	103,700
<i>Selling Dreams: One Hundred Years of Fashion Photography (UK Tour)</i>	Lighthouse, Wolverhampton	14/10/11–13/01/12	4,600
	Royal West of England Academy, Bristol	09/03/12–29/04/12	5,700
<i>Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration (UK Tour)</i>	McManus Gallery, Dundee	30/09/11–08/01/12	43,600
<i>Olympic Posters</i>	Canary Wharf, London	16/01/12–02/03/12	112,000
<i>My Generation: The Glory Years of British Rock, photographs by Harry Goodwin</i>	O2, London	24/02/11–02/05/11	30,000
	The Public, Walsall	12/10/11–18/01/12	17,000

<b>Title</b>	<b>Venue</b>	<b>Dates</b>	<b>Visits</b>
<i>The Birth of British Rock: Photographs by Harry Hammond</i>	Cannon Hall, Barnsley	23/04/11–19/06/11	30,000
<i>A Flash of Light – The Dance Photography of Chris Nash</i>	Wales Millennium Centre in Cardiff	14/11/11–29/01/12	78,000
<i>Five Truths</i>	Howard Assembly Room, Opera North, Leeds	13/02/12–26/02/12	900
<i>The Half: Photographs by Simon Annand</i>	Scarborough Art Gallery and Theatre	08/04/11–26/06/11	3,000
<i>Sit Down: Seating for Kids</i>	The Shipley Art Gallery, Gateshead	22/01/11–05/06/11	12,400
<b>TOTAL</b>			<b>530,300</b>

### Future Activity

The V&A aims to attract a total of 1,500,000 visits to UK and international touring exhibitions.

Further planning and implementation of the V&A at Dundee will continue to be a focus, as an international centre of design bringing world-class exhibitions to a wider audience.

### National and International Loans

In 2011-12, the V&A loaned over 970 objects to 95 international exhibition venues, bringing new collaborations with museums and countries that we have rarely or never lent to before.

Compared to other national museums, the V&A lends objects to the greatest number of venues in the UK. Short-term loans are usually for temporary exhibitions organised by other institutions. Long-term loans, of which most are within the UK, are usually made when an object has particular significance to a venue or locality. The figures are given below; these do not include the objects, or venues, for V&A touring exhibitions.

<b>Loans</b>		<b>Total</b>	<b>UK</b>	<b>Overseas</b>
Number of objects	Short-term	<b>1,383</b>	460	923
	Long-term	<b>1,744</b>	1,694	50
	<b>Total</b>	<b>3,127</b>	<b>2,154</b>	<b>973</b>
Number of venues		<b>342</b>	247	95

### Future Activity

As well as maintaining the ongoing loans programme at its current level, one of the V&A's greatest treasures, The Great Bed of Ware, will be on loan to Ware Museum for a year from 6 April 2012. The Heritage Lottery Fund has awarded £229,200 to the Ware Museum Trust to enable the Great Bed of Ware to be displayed in the town where it was made. This will be the first time the bed has ever been on loan to another venue.

### RESEARCH AND EXPERTISE

Research and scholarship underpin everything the V&A does, from redesigning its website and galleries to advising on government export licences and producing influential exhibitions and conferences around the world. Research is widely accessible to V&A audiences, in the galleries, on the website, in the public programme, in books, articles, lectures and conferences, handling sessions and collaborative projects. In 2011-12 the V&A:

- Produced 66 publications, and took part in 12 externally funded research projects.
- Offered services such as monthly Opinions afternoons, where the public can have their own objects identified by curators.
- Hosted 17 research fellowships and exchanges with universities including: University of the Arts London; University of Sussex; University of Brighton; University of the West of England; Yale Center for British Art, Metropolitan Museum of Art, New York.
- Progressed the 'Hanging Out' project (HLF-funded partnership led by Full Spectrum Productions) and the 'Staying Power' project (HLF-funded partnership with Black Cultural Archives).
- Completed the conservation and digitisation of three Dickens manuscripts.

## EDUCATION AND TRAINING

In addition to the research activity outlined above, the V&A is equally committed to training. The Museum continued the V&A/RCA postgraduate course in the History of Design with 79 postgraduate students involved in collaborative programmes based at the V&A.

The Museum also ran the successful and sought-after, 5-year Assistant Curator Development Programme and supported external courses in both the history and practice of art, design and applied arts through the contribution of V&A staff as lecturers, examiners, supervisors and advisory board members.

We continued to offer qualifications in technical and conservation skills, customer service, curatorial skills, management and administration. The V&A is an NVQ Assessment Centre for Cultural Heritage and also continued its programme of professional development events for teachers.

## Development of the UK creative economy

### CREATIVE ECONOMY

Showcasing the best contemporary art and design and making it accessible to all was one of the founding missions of the V&A, and this aim is still at the heart of the Museum. In 2011-12 a record 42% of visitors to the Museum identified themselves as working, teaching or studying in the creative industries (an increase of 460,000 visitors compared to 2012).

Throughout the year V&A exhibitions, displays, installations, events and publications, brought some of the best contemporary art and design to a wide audience. The Museum continues to inspire new generations of makers and consumers, contributing to the success and growth of the UK creative economy. While all of the V&A's programmes encourage creativity in art and design, some events may be aimed specifically at Creative Industries audiences (such as Architectural Competition Designs for V&A Dundee and V&A Illustration Awards 2011) or be especially effective in showcasing the work of contemporary practitioners such as: *Yohji Yamamoto*, *Power of Making* and *Fashion in Motion*.

In September 2011, the V&A hosted the 2011 London Design Festival. The V&A has been the hub of London's annual festival of contemporary design since 2009. It was a successful and exciting collaboration that brought the contemporary design world to the heart of the V&A. The Sackler Centre was also home to the Design Embassy where international design and business delegates met, mingled, conducted business meetings and enjoyed the beautiful and inspiring surroundings of the Museum. A programme of over 60 events was attended by over 12,000 people and the V&A received 99,100 visitors during the nine-day festival.

### Friday Late programme

Held on the last Friday of every month (except December), when the Museum is open from 10am to 10pm, Friday Lates include a mixture of live performances, cutting edge fashion, debates, one-off displays, special guests, bar and food, guest DJs, and late-night exhibition opening. Friday Lates attract an average of 3,800 visitors each. Examples of the 2011-12 programme included:

- *No Strings* (November 2011): Visitors explored the world of contemporary graphics, typography and illustration.
- *HOT BRAZIL* (January 2012): Programmed just before the carnival celebrations, visitors explored the best of Brazilian design and visual culture.

### Commissions and other work with practitioners from the creative industries.

In addition to showcasing the creative industries through its programme, the V&A works with both established names and new emerging talents to commission work ranging from major redevelopment projects, through to exhibition design and products for retail.

Contemporary Commissions in 2011-12 included:

Studio Rosa created a Christmas Tree for the Grand Entrance.

A number of works of art for the exhibition *The Power of Making* (in partnership with the Crafts Council): a three screen film installation by Juriaan Booij; a site-specific commission – Sugar Sculpture by Jacquy Pfeiffer from the French Pastry School, Chicago.

A series of installations and a new visual identity for the Friday Late programme, including the *Secret Skip Swimming Pool*, by Oliver Bishop Young (26 August 2011).

Jointly commissioned with the London Design Festival: *Textile Field*, Ronan and Erwan Bouroullec, supported by Kvadrat; *Timber Wave*, AL\_A, supported by American Hardwood Export Council; Scaffolding Brut, Eyal Burstein for Beta Tank.

Over the past year V&A Design have worked on a number of FuturePlan projects including: Lydia & Manfred Gorvy Lecture Theatre (completed March 2011); Photographs Gallery 100 (completed October 2011).

As plans for FuturePlan Phase 2 develop the V&A has appointed a number of architects to progress designs. These include AL\_A (Amanda Levete Architects) for the Exhibition Road Building Project, ZMMA (Zombory-Moldovan Moore Architects) for Europe 1600-1800; Muma (McInnes Usher McKnight Architects) for Cast Courts step-free access and daylight gallery space.

Awards the V&A received this year included: The Design Week Award 2011 (jointly with St Paul's) for the Medieval and Renaissance Galleries; The Civic Trust Award 2011, Special Award for Sustainability for the Medieval and Renaissance Galleries; The Ceramics Study Galleries was the Inside Award winner of the Triennial Award for Excellence in Brickwork.

V&A Enterprises is an important contributor to fulfilling the Museum's mission for working with and inspiring creative design. It works with a number of artists and designers to develop new product ranges for its shop and through licensing. V&A Images is active in supporting the creative industries. V&A Publishing launched 35 new titles, one revised edition, and 17 foreign language and co-editions.

### First Thursdays

The Museum of Childhood participated in 'Time Out First Thursdays', when galleries and museums in east London open until 10pm one day each month. Themes included jewellery design and chair decoration, as well as an evening celebrating the Big Dance festival.

### STUDENTS AND EDUCATIONAL PARTICIPATION

The Museum provides access for students and researchers to archives and stored collections through its study rooms. In 2011-12 the V&A:

- Worked with higher education institutions including Royal College of Art, University of the Arts London, Central School of Speech and Drama and Buckinghamshire Chilterns University to provide inductions for students in using the V&A and its research resources and to offer opportunities for students to co-create their own events and temporary displays.
- Hosted MA Design students from the University of Wolverhampton on a three month placement in the Ceramic Studio from April to June 2011.
- Ran partnership projects at the Museum of Childhood to deepen engagement with the collections and to develop new audiences including with: CSV; Princes Drawing School; Birkbeck College; Core Arts.

The Learning department at South Kensington also ran the following programmes:

- Creative Quarter: an insight into the creative industries for 13-19 year olds.
- DesignLab: this series of workshops allow students to respond to briefs set by creative industry practitioners e.g. jewellery, animation, print design etc.
- ArchiLab: this series of workshops allow students to explore the V&A and RIBA architectural collections.
- TheatreLab: workshops which allow students to explore the creative process of performance.
- Drop-in Design: A popular programme for families.
- Friday night Lecture Theatre programme of talks featuring renowned designers, artists, writers and critics e.g. Peter Greenaway, Sir Roy Strong, Gilbert & George, Angela and Margherita Missoni, Christian Louboutin, Antonia Fraser, and Alice Temperley.
- Create! This programme of workshops, courses, and events for 11-19 year olds included design workshops and activities on digital, creative design, theatre set, costume and graphic design.

### Museum Residency Programme

Residencies give designers, artists, writers and makers the opportunity to have a studio in the V&A's Sackler Centre for Arts Education or the Ceramics Galleries. In 2011-12 there were residencies ranging from Poetry (Sophie Robinson) to Ceramics (Louisa Taylor and Clare Twomey)

## Efficiency and effectiveness

### INCOME GENERATION

#### Fundraising

With cuts in Grant in Aid (GiA), the Museum's reliance on the generosity of donors and grant-giving bodies is increasing. During the year significant contributions were pledged towards planned FuturePlan projects by both individuals and foundations. Support from the Art Fund enabled some important additions to the Collections, and we are particularly grateful for a number of major gifts made by individuals and through legacy giving. Fundraising, including sponsorship, amounted to £11.4m in the year and objects valued at £1.3m were donated to the Museum's collections.

In addition the V&A Museum continued to generate income from paid for exhibitions, adult learning activities and fees for international touring exhibitions. The Museum also received a one-off payment of £1.5m arising from its departure from the Theatre Museum site in 2007.

#### V&A Enterprises

Trading in 2011-12 continued to be strong, but with increasingly marked variation between different markets and audiences. We focussed on Britishness and pattern in particular as ways of strengthening our brand image, a strategy that has been very successful in the main shop and online, as well as via international licensing partnerships. *Inspiring Design* was published in November 2011, providing comprehensive guidelines to the brand and branding for commercial partnerships. The upcoming exhibition, *British Design 1948-2012* has generated new business and proved attractive to licensing partners. The success of these themes is also apparent in trade sales of V&A books, including Edward Bawden's *London*, Ravilous's *High Street*, and Cecil Beaton *Royal Portraits*. In contrast, exhibition-generated sales felt the pressure of the wider economic climate, with a marked down-turn in conversion rates and book sales, particularly for shows appealing to a younger demographic such as *Post-Modernism* and *The Power of Making*. We are successfully catering to our distinct 'leisure' and 'user' audiences, the latter studying or working in the creative industries, with appropriate ranges targeting the needs of each.

#### Future Activity

In a challenging environment, fundraising targets remain nonetheless high. With an eye to long term financial security the Museum has made a joint bid with the V&A Foundation to the HLF *Catalyst Fund*. This bid has been successful and will release matching funds of £5m if £15m of permanent endowments gifts can be raised in the next four years.

V&A Enterprises will continue their major focus on the digital space with investment in online trading and marketing, social media and digital products (apps, audio-guides, e-publishing), media partnerships and content syndication.

### EFFICIENCY

Delivering good value for money across all areas of activity remains a priority for the V&A and constant scrutiny ensures that we focus both on efficiency and best value thereby maximising opportunities for income generation and minimising operational and capital costs.

Increased use of technology is consistently and proactively improving our efficiency as are initiatives such as joint working with other museums.

2011-12 saw the successful conclusion of a three year programme to reduce staffing costs across the museum by 15% in real terms since 2008-09. Savings were also crystallised from storage rationalisation as the former store at Battersea was handed back to the landlords in February. Joint procurement of security with our neighbour museums has resulted in both cost reduction and an improved service.

The launch of the upgraded Collections Management System was the first significant step in improving how we record, move and monitor our collections.

#### Future Activity

By March 2013 we aim to deliver improved IT storage capability to allow rationalisation of digital asset storage and improve network performance on a day to day basis.

We shall continue to review the structure and organisation of the museum with an overall aim of increasing efficiency, eliminating duplication of effort and engendering a culture of continuous improvement.

## SUSTAINABILITY

Sustainable development has been a strategic priority for the V&A since 2005. The Museum has made progress in reducing its environmental impact and is a leader in the sector. The Museum is fully committed to further improvements and in 2009 undertook a major exercise in calculating its carbon footprint. The results showed that the majority of the V&A's carbon footprint is from utilities at museum sites (75%), while other activities that we presumed had very high carbon usage are actually comparatively low e.g. headline and touring exhibitions (5%) and business travel (2%). This has enabled us to focus effort on areas most likely to have the greatest impact. All FuturePlan projects include measures that minimise energy use over the life of the project.

The V&A is actively participating in wider discussions in the museum sector on a range of sustainability topics. Through the National Museum Director's Conference (NMDC) and the BIZOT group for international museum directors, the V&A is involved in discussions on refurbishing museums and galleries using low energy methods to create the right environmental conditions to preserve the collections and revising guidelines for the use of couriers when loaning objects.

### Waste and Recycling

The V&A recycles all paper in 'green bins' in offices throughout the Museum, as well as glass, card, cans, batteries and printer cartridges. General V&A waste is removed to a modern incineration plant where it is used to generate electricity.

### Sustainable procurement

The V&A recognises its responsibility to carry out its procurement activities in an environmentally and socially responsible manner. In conjunction with its Sustainable Development Policy the V&A strives to incorporate environmental and social considerations in to its procurement practices, from supplier selection through to product and materials specifications and the rationalisation of the museum's goods, works and services. For example, all firms who tender for building temporary exhibitions are asked to explain how they would minimise environmental impact, and they are scored on their proposals.

### Key sustainability data

		<i>Unit</i>	<i>2011-12</i>	<i>2010-11</i>
<b>CO<sub>2</sub> emissions</b>	Scope 1 emissions (direct)	tonnes of CO <sub>2</sub>	190	204
	Scope 2 emissions (indirect)	tonnes of CO <sub>2</sub>	5,146	5,329
	Total emissions	tonnes of CO <sub>2</sub>	5,336	5,533
<b>Related Energy Consumption</b>	Electricity	MWh	9,800	9,772
	Gas	MWh	1,034	1,100
	Total	MWh	10,834	10,872
<b>Financial Indicators</b>	Expenditure on energy	£000	1,227	1,104
	Expenditure on official business travel	£000	384	314
<b>Waste</b>	Waste sent to landfill	tonnes	58	79
	Waste recycled/re-used	tonnes	121	135
	Waste incinerated	tonnes	212	244
	Total waste disposed	tonnes	391	458
<b>Finite Resource Consumption</b>	Water Consumption	m <sup>3</sup>	50,339 <sup>1</sup>	44,445
	Water Supply Cost	£'000	95	84

### Performance Indicators

The Following table shows the key indicators that the V&A uses to measure its performance during the year, and includes measures agreed with DCMS as part of our Funding Agreement.

<sup>1</sup> Increase in water use is due to facade cleaning

<b>Performance indicator</b>	<b>2011-12</b>	<b>2010-11</b>
Number of visits to the Museum	<b>3,335,200</b>	<b>3,049,000</b>
<i>V&amp;A South Kensington</i>	2,888,700	2,619,600
<i>V&amp;A Museum of Childhood</i>	443,300	422,600
<i>V&amp;A Blythe House</i>	3,200	6,800
Number of children aged 15 and under attending Museum sites	<b>440,100</b>	<b>378,200</b>
<i>V&amp;A South Kensington</i>	250,200	183,100
<i>V&amp;A Museum of Childhood</i>	189,900	195,100
Number of facilitated and self-directed visits to the museum/gallery by children under 16 in formal education	<b>106,700</b>	<b>100,700</b>
<i>V&amp;A South Kensington</i>	56,700	51,100
<i>V&amp;A Museum of Childhood</i>	50,000	49,600
Number of instances of children under 16 participating in onsite organised activities	<b>127,500</b>	<b>114,200</b>
<i>V&amp;A South Kensington</i>	55,700	49,600
<i>V&amp;A Museum of Childhood</i>	71,800	64,600
Number of instances of children under 16 participating in outreach activities outside the museum	1,400	1,000
Number of instances of adults aged 16 and over participating in organised activities at the museum/gallery	<b>158,600</b>	<b>159,100</b>
<i>V&amp;A South Kensington</i>	124,500	129,700
<i>V&amp;A Museum of Childhood</i>	34,100	29,300
Number of instances of adults aged 16 and over participating in outreach activities outside the museum	1,400	1,600
Number and % of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	<b>149,200</b> <b>9% of UK adults</b>	<b>156,600</b> <b>10% of UK adults</b>
<i>V&amp;A South Kensington</i>	109,800 8% of UK adults	124,600 9% of UK adults
<i>V&amp;A Museum of Childhood</i>	39,400 16% of UK adults	32,000 14% of UK adults
Number and % of visits by UK adult visitors aged 16 and over from an ethnic minority background	<b>263,800</b> <b>16% of UK adults</b>	<b>212,200</b> <b>13% of UK adults</b>
<i>V&amp;A South Kensington</i>	223,100 16% of UK adults	174,000 13% of UK adults
<i>V&amp;A Museum of Childhood</i>	40,700 16% of UK adults	38,200 17% of UK adults
Number and % of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	<b>21,500</b> <b>1% of UK adults</b>	<b>76,300</b> <b>5% of UK adults</b>
<i>V&amp;A South Kensington</i>	16,800 1% of UK adults	61,600 5% of UK adults
<i>V&amp;A Museum of Childhood</i>	4,700 2% of UK adults	14,700 6% of UK adults
Number of unique web visits	<b>25,249,600</b>	<b>24,976,400</b>
% of visitors who would recommend a visit	<b>99%</b>	<b>99%</b>
<i>V&amp;A South Kensington</i>	<b>99%</b>	<b>99%</b>
<i>V&amp;A Museum of Childhood</i>	<b>99%</b>	<b>99%</b>
Number of UK Loan Venues	<b>262</b>	<b>241</b>
Number of loan venues (UK and Overseas)	<b>380</b>	<b>363</b>
Self generated income	<b>£32,406,000</b>	<b>£31,430,000</b>
Total contributed income	<b>£12,258,000</b>	<b>£12,517,000</b>
Of which donated objects	<b>£1,260,000</b>	<b>£4,965,000</b>
Contributed income as % of GiA	<b>30%</b>	<b>28%</b>

## EMPLOYEE ENGAGEMENT

There are co-ordinated programmes designed to keep staff up-to-date on developments and Museum plans, improve communication between departments, enable staff to understand what the V&A does and the role they play in its success, facilitate communication between staff and management and troubleshoot problem areas. The programme is also designed specifically to solicit staff ideas and feedback.

Its activities include the Management Forum (a monthly meeting for Heads of Department to discuss current issues and exchange information), Staff Forum (representatives from every department meeting every two months to discuss an area of Museum activity and address any issues that arise), HR and Training projects, and staff surveys.

A variety of channels are used to communicate with staff including the Staff Update (a roundup of Museum activity which is sent to all staff once a month), the Intranet (including daily news, work and departmental information and staff contact details) and All Staff meetings (run quarterly with Director's update and presentations from different Museum departments). The V&A Strategic Plan and other key documents, such as Trustee Board minutes, are made available to all staff electronically or in hard copy.

Staff representatives from the Museum's three recognised trade unions meet V&A Management every two months. They also undertake formal pay negotiations.

### Policy in Relation to Disabled Employees

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and it is an employer that is Positive about Disabled People ("Two Ticks Symbol"). 6% of staff have declared themselves as having a disability. The Staff Disability Forum (SDF) meets regularly to consult with and involve staff interested in disability.

### Employee absence due to sickness

The average number of sick-day absence is 8.11 days (2010-11: 7.33 days) which compares favourably with the public sector where, according to the Chartered Institute of Personnel and Development's 2011 Absence Management Survey, the average is 9.1 days. If long-term sickness (any absence over 3 weeks in duration) is excluded, the figure falls to 4.07 days (2010-11: 5.11 days).

## Financial Review

The accounts have been prepared in a form directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury in accordance with the Museum and Galleries Act 1992. The format is in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" and the Government Financial Reporting Manual.

### Trading Companies

The V&A owns 100% of the issued share capital of V&A Enterprises Ltd (VAE) which carries out trading operations on behalf of the Museum. For the year ended March 2012 VAE will contribute £1.3m (2011 £1.9m) to the Museum as a payment under Gift Aid.

The Museum also owns 100% of the issued share capital of V&A Holdings Ltd. which in turn owns 100% of the issued share capital of V&A Ltd. There was no trading activity undertaken by V&A Ltd or V&A Holdings Ltd during the year.

The accounts consolidate the results of the Museum with those of its trading subsidiaries.

### Related Charities

The V&A has a close relationship with a number of other charities:

- Friends of the V&A (charity no. 272056). The V&A provides staff and other resources to the charity but has no control over its Board.
- The Gilbert Trust for the Arts Ltd (charity no. 1055853). The V&A manages the Trust's collections under a long term agreement; the Trust has a minority of its Trustees appointed by the Museum.
- The V&A Foundation (charity no. 1144508) was established during the year. It has the same charitable objectives as the V&A, and a minority of its Trustees are appointed by the V&A. The V&A made a grant to the Foundation of £450,000 during the year.

All these charities are considered independent of the V&A, so none of their activities or financial accounts have been consolidated with the Museum's results in this report.

### Results for the year

Visitor numbers and income were both better than forecast, reflecting a strong exhibition programme and successful fundraising and trading. Tight cost control and implementation of efficiency measures have contributed to the final small surplus of £86,000.

Government funding was reduced to £41.4m (2010-11: £44.3m) following the Comprehensive Spending Review in 2010.

This outcome is reconciled to the Statement of Financial Activity (see page 31) below.

### Reconciliation of Operational Result to SOFA

	<i>Operational Activity</i>	<i>Designated Activity</i>	<i>Restricted Activity</i>	<i>Endowments</i>	<i>Fixed Assets</i>	<i>Heritage Assets</i>	<i>Total Activity</i>
	£000	£000	£000	£000	£000	£000	£000
Opening Reserves	881	8,339	4,818	5,856	334,676	50,619	405,188
Grant in Aid	39,637	–	–	–	1,718	–	41,355
Donated Assets	–	–	–	–	–	1,260	1,260
Self Generated Income	21,441	16	9,399	–	–	–	30,856
Investment income	37	–	10	241	–	–	288
Running Costs	(57,243)	(475)	(2,034)	(35)	–	–	(59,787)
Depreciation	–	–	–	–	(10,156)	–	(10,156)
Increase in Assets	(2,173)	(72)	(8,293)	–	6,423	4,115	–
Gains on Investments	1	201	641	(141)	–	–	702
Gain on revaluation of Fixed Assets	–	–	–	–	14,141	–	14,141
Transfers	(1,615)	1,756	(77)	(64)	–	–	–
Closing Reserves	967	9,765	4,463	5,857	346,802	55,994	423,848
<b>Movement for the year</b>	<b>86</b>	<b>1,426</b>	<b>(354)</b>	<b>2</b>	<b>12,126</b>	<b>5,375</b>	<b>18,660</b>

### Fixed Assets

Capital expenditure for the Museum in the year rose to £8.2m (2010-11: £6.3m), as design work began on the major FuturePlan projects. The Fashion Gallery was completed in the year and work on the Clothworkers' Centre continued. The new Furniture gallery is due to open in November 2012. Other projects under development are the Exhibition Road Building Project, Europe 1600-1800 and the Cast Courts.

The group depreciation charge for the year was £10.3m (2009-10 £9.9m). The increase was due to the higher valuation of the estate at March 2011.

A full valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2009. At March 2012 this valuation has been updated by Gerald Eve on a desk top basis. V&A South Kensington was re-valued at £319.0m, the Museum of Childhood at Bethnal Green at £12.2m and the V&A portion of the site at Blythe House at £6.9m. The valuation is based on the depreciated replacement cost of the whole estate. As building cost indices have been stable, and some refurbished areas have been brought into use, the value of the buildings

has increased, even after the depreciation charge. Therefore the accounts show a gain on revaluation of £14.1m (2010-11: loss of £5.4m).

### Heritage Assets

Spend on objects for the Collection amounted to £4.1m (2010-11: £1.8m) with a significant portion being funded from private donations. In addition objects with a value of £1.3m (2010-11: £5.0m) were donated to the Museum in the year.

### Reserves Policy

The Trustees annually review the level of readily available reserves (those that are not restricted or tied up as fixed assets) appropriate to the scale, complexity and risk profile of the organisation.

The Grant in Aid received from DCMS represented 56% of the Museum's income in the year. The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the Museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

The Trustees also consider that reserves are required to provide a sound underpinning, in terms of cash flow planning and budgetary risk, to ongoing investments in the capital infrastructure of the Museum.

Taking an overall view of the annual operational activities, the level of self generated income, GIA and planned capital investment, the Trustees believe that the minimum level of reserves should be £6.5m (2011: £6.5m). This target level of reserves represents an assessment of the level of funds required to meet current capital commitments plus 3 to 6 months of the Museum's non GIA funded operating expenditure.

The Trustees are acutely aware that the current economic climate and future uncertainty in relation to all income streams require this assessment to remain under review.

The Trustees have access to only the combined total of certain General and Designated funds whose value at 31 March 2012 is £10.5m (2011 £9.0m: see note 15). Of this amount £6.5m is held to meet the requirement for general reserves set out above. The remaining £4.0m is held for investment in the building and IT infrastructure over the next two to three years.

### Investment Policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of Museum investments, long and short term, was £23.6m at 31 March 2012 (2011 £23.8m).

The overall and performance objectives for the funds overseen by the V&A Investment Committee is as follows:

<b>Fund</b>	<b>Overall objective</b>	<b>Performance objective (real return each year)</b>	<b>Actual net return (income+gain- costs)</b>
Short Term Fund	To fund specific, restricted and designated spending, whilst preserving capital in real terms and achieving modest real returns over the holding period. Preservation of capital the highest priority. Investment timeframe of 12-18 months.	1.8%	£735,570 8.2%
Reserve Fund	To maintain the reserves of the V&A and to meet specific expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of 5 years.	5.3%	£82,744 1.3%

Endowments	To fund either the purchase of new collection items or to maintain existing collections for the V&A, whilst preserving capital in real terms with the potential for moderate real growth (consistent with the purposes of each underlying trust). Investment timeframe of 10 years.	5.3%	£41,062 1.2%
Bollinger Endowment	To fund future renovations of the gallery allowing all fixtures & fittings to be kept current. To invest only in UK Government debt and/or to be invested by an external professional financial adviser with the highest priority being the preservation of capital. Investment timeframe of 10 years.	1.6%	£20,222 1.0%

Fund performance is measured against a composite benchmark designed to measure the performance of the strategic asset allocation agreed in the investment policies, as this is the best test of our investment manager's performance. The asset allocation profile is agreed for each fund and reviewed at least annually. There is no leverage (borrowing to invest) within the portfolios. Funds may not invest in illiquid assets (defined as assets that cannot be liquidated for cash within 18 months). The portfolio is partially protected from foreign exchange rate fluctuations through the deployment of appropriate hedging strategies. Only currencies with potential exposure of greater than 5% of the portfolio value are subject to currency management. These currencies are US Dollars, Euros and Japanese Yen. Currency overlays are deployed to target a 90% Sterling allocation in respect of these hedged currencies.

### Payment Policy

The Museum settles all bills within 30 days or in accordance with the suppliers' terms of business. From a sample, we can estimate the average time for payment of invoices not subject to query was 29 days (2011: 29 days).

### Political Gifts/Donations

The V&A makes no political gifts and as a charity does not normally make donations to other charities. It does provide some services free of charge to associated charities.

### Personal Data

The Museum takes the protection of personal data very seriously and has processes in place to ensure compliance with relevant legislation & best practice. There have been no known losses of personal data held by the Museum during the year.

### Auditors' Disclosure and Remuneration

The Comptroller and Auditor General is the auditor of the Museum's consolidated accounts. As far as the Accounting Officer and Board of Trustees are aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer and Board of Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit fee paid to the National Audit Office was £42,500 (2010-11 £44,000). Additionally, a sum of £20,200 (2011: £17,850) was paid to auditors of other entities in the group including £2,700 (2011: £1,850) for non audit services.

## **Legal and Administrative Information**

### **Principal Address**

Victoria and Albert Museum  
Cromwell Road  
London SW7 2RL

### **Bankers**

National Westminster  
Knightsbridge Business Centre  
186 Brompton Road  
London SW3 1XJ

### **Solicitors**

Farrer & Co  
66 Lincoln's Inn Fields  
London WC2A 3CH

### **Investment Advisors**

Partners Capital LLP  
5 Young Street  
London W8 5EH

### **Auditors-Internal**

Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

### **Auditors-External**

#### ***V&A Museum and Group***

Comptroller and Auditor General  
National Audit Office  
157 Buckingham Palace Road  
London SW1W 9SP

### ***Trading Companies***

Haysmacintyre  
Fairfax House,  
15 Fulwood Place,  
London WC1V 6AY

## REMUNERATION REPORT

### Membership

The membership of the Remuneration Committee comprised the following Trustees:

Sir Paul Ruddock – Trustee (Chair)

Samir Shah OBE – Trustee

The Committee is also attended by The Director, Martin Roth, Director of Finance, Sian Williams and Head of Human Resources, Allan Hill except when matters relating to their own pay and performance are discussed.

### Remuneration policy for senior managers

The Remuneration Committee reviews salaries of all senior managers employed by the Museum on Senior Manager Contracts. The Contracts provide for standard Museum terms and conditions of employment except where they apply to pay determination which is subject to review by the Remuneration Committee.

The Committee also considers the pay of two staff employed by V&A Enterprises Ltd (VAE): the Development Director and the Commercial Director/Managing Director of VAE.

At the beginning of the year, senior managers are set objectives based on the Museum's Strategic Plan. At the end of the year, their performance is assessed against objectives by the Director (or other senior manager). The methodology enables an assessment of performance to be made against objectives; where it can be demonstrated that performance has exceeded expectations, an individual can be nominated for a bonus payment. The nominations are subject to approval by the Remuneration Committee. The Chairman of the Board of Trustees undertakes the performance assessment for the Director.

The annual performance assessments and additional information (see below), are then reviewed by the Remuneration Committee and used to set pay levels and any performance bonuses.

The Committee last met in May 2012. The Committee restricted its deliberations to performance bonuses only for the performance year 2011.

### Performance assessment and payment

When determining performance bonuses for 2011, the Committee took account of:

- The budget for non-consolidated performance related pay agreed as part of the Museum's pay remit.
- The performance and contribution of the individual over the period (through performance appraisal)

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. They account for a proportion of total remuneration, up to a maximum bonus percentage of 6.0% in the 2011 performance year, are non-consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

### Policy on duration of contracts, notice periods and termination payments

Senior staff (including the Director) are permanent employees of either the V&A or of VAE.

The notice period for senior employees is three months and for the Director, six months. If any termination payments are made, they are in accordance with Museum or VAE contractual terms.

All permanent Museum employees (unless choosing to opt-out) are members of the Civil Service pension scheme, PCSPS, with associated redundancy and early retirement conditions. All VAE staff are entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

### Senior managers' remuneration disclosure (subject to audit)

The Board of Trustees of the V&A, who hold overall responsibility for the Museum, are not remunerated. Expenses paid are disclosed in note 5d to the Annual Report and Accounts.

The Director's and senior managers' emoluments and pension details for 2011-12 are shown in the table below. These members of staff have been included as they are considered the key decision makers in the organisation. The monetary value of benefits-in-kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. The only benefits-in-kind or other emoluments paid during the

year were relocation expenses relating to the Director and have been included in emoluments paid as disclosed below.

There have been no payments in respect of provision for compensation for early termination for senior managers serving in year, and no significant awards in respect of early termination have been made to former managers.

In addition, no compensation was payable to former senior managers and no amounts were payable to third parties for services of a senior manager.

	<b>Total salary earned to 31 March 2012</b>	<b>Bonus Payable at 31 March 2012</b>	<b>Real increase in pension – Related lump sum at age 60</b>	<b>Total accrued pension at age 60 at 31 March 2012 – Related lump sum</b>	<b>Cash equivalent transfer value at 31 March 2012</b>	<b>Real increase in CETV after adjustment for inflation and changes in market investment factors</b>
	£	£	£	£	£	£
Sir Mark Jones, Director *Left 30/06/11 <i>Annualised salary of £140,188</i>	45,951 (140,188)	Nil (25,000-30,000)	Nil Nil	80,001-85,000 Nil	1,590,000 (1,578,000)	No increase
Martin Roth *Joined 01/09/11 <i>Annualised salary of £140,000</i>	81,667 <sup>2</sup>	Nil	0-2,500	0-5,000	21,000	18,000
Beth McKillop, Deputy Director	96,000 <sup>1</sup> (88,021)	0-5,000 (0-5,000)	0-2,500 5,001-7,500	35,001-40,000 110,001-115,000	811,000 (699,000)	53,000
Moira Gemmill, Director of Projects, Design & Estate	90,000 <sup>1</sup> (86,729)	0-5,000 (0-5,000)	0-2,500 2,501-5,000	10,001-15,000 30,001-35,000	210,000 (178,000)	17,000
Damien Whitmore, Director of Public Affairs	93,841 (93,841)	Nil (0-5,000)	0-2,500 0-2,500	20,001-25,000 70,001-75,000	441,000 (408,000)	No increase
Sian Williams, Director of Finance	93,841 <sup>1</sup> (91,614)	0-5,000 (0-5,000)	0-2,500 Nil	5,001-10,000 Nil	56,000 (37,000)	13,000

Figures in brackets are for prior year.

<sup>1</sup> This represents a full year at the rate awarded following a restructuring of senior management roles in 2010-11

<sup>2</sup> Includes relocation expenses of £16,500

### Cash Equivalent Transfer Values

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 value is 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 the disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. 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 guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real increase in CETV

This 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

<sup>2</sup>The bonus shown was accrued in the 2011/12 year, and paid in 2012/13.

from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### Exit packages (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	– (–)	1 (1)	1 (1)
£10,000 – £25,000	– (2)	2 (2)	2 (4)
£25,000 – £50,000	1 (–)	– (6)	1 (6)
£50,000 – £100,000	– (–)	2 (4)	2 (4)
Total number of exit packages	1 (2)	5 (13)	6 (15)
Total resource cost £	£30,046 (£46,522)	£152,583 (£536,557)	£182,629 (£583,079)

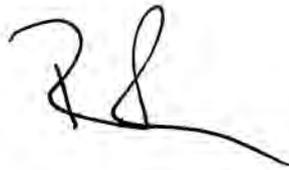
Figures in brackets are for prior year.

Redundancy and other departure costs are payable in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the Museum has agreed early retirements, the additional costs are met by the Museum and not the Civil Service pension scheme.

Fair Pay: based on the March 2012 payroll, the highest earning employee is paid £140k p.a. (before performance pay and any other benefits) and the median c.£25k p.a. The ratio between these is 5.6.



Martin Roth  
Director and Accounting Officer  
5 July 2012



Sir Paul Ruddock  
Chair of Trustee Remuneration Committee  
5 July 2012

## STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

The Board of Trustees of the V&A was established by the National Heritage Act 1983. The functions of the Board, as defined by the National Heritage Act are to:

- care for, preserve and add to the objects in their collections;
- secure that the objects are exhibited to the public;
- secure that the objects are available to persons seeking to inspect them in connection with study or research; and
- generally promote the public's enjoyment and understanding of art, craft and design both by means of the Board's collections and by such other means as they consider appropriate.

Under ss.9(4) and (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, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year. The Accounting Officer has taken the necessary steps to ensure that there is no relevant audit information of which the external auditors are unaware.

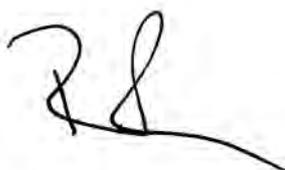
In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State for Culture, Olympics, Media and Sport\*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 assume that the Museum will continue in operation.

The Accounting Officer for the DCMS has designated the Director as the Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum issued by HM Treasury.



Martin Roth  
Director and Accounting Officer  
5 July 2012



Sir Paul Ruddock  
Chairman of Trustees  
5 July 2012

\* a copy of which is available from the Director of Finance, Victoria and Albert Museum, Cromwell Road, London SW7 2RL

## Governance Statement

The V&A is governed by the National Heritage Act 1983. The Act was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum. The V&A is a non-departmental public body (NDPB) sponsored by the DCMS, and is a charity exempt from registration under the Charities Act 2011. As an exempt charity it is regulated by the DCMS, rather than the Charity Commission. Its investments are governed by the Trustee Act 2000.

The Museum is governed by a Board of Trustees answerable to the Secretary of State for Culture, Olympics, Media and Sport for the policies and performance of the Museum. The Minister is, in turn, answerable to Parliament. The Director of the V&A is accountable both to the Board as Chief Executive and to the Permanent Secretary of the DCMS as Accounting Officer.

### Board of Trustees

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2012 there were 15 Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. However, under the rules laid down by the Commissioner for Public Appointments, Trustees are restricted to serving two terms or a maximum period of 10 years. Trustees are not remunerated but are able to claim expenses.

Details of the Trustees during the year are shown in Table A.

Seven new Trustees were appointed during the year, the terms of three Trustees were renewed and four Trustees retired from the Board.

### Trustee appointment & induction

Appointments to the V&A Board of Trustees, including that of the Chairman, are made by the Prime Minister following the DCMS process for recruiting 'upper tier' public appointments. Appointment to the Board is governed by selection on merit, on the basis of equality of opportunity for all, and is subject to monitoring by the Commissioner for Public Appointments. There is one *ex officio* member of the Board, the Rector of the Royal College of Art; currently Dr Paul Thompson. On appointment, Trustees are provided with a Trustee Handbook that gives information on the V&A, outlines the roles and responsibilities of Trustees and senior staff, and refers to other guidelines on public service and conduct of public appointees. New Trustees are personally introduced to their role by the Chairman and the Director, involving other V&A staff as necessary. DCMS also provide a booklet for Board members of its NDPBs.

### Delegation of Authority

The National Heritage Act 1983 requires the Board to appoint a Director, with the approval of the Prime Minister, and stipulates that the Director will be responsible to the Board for the general exercise of the Board's functions. In general, the Board focuses on policy and strategy, leaving operational matters to the Director. Key decisions and issues reserved to the Board include:

- Issues of corporate strategy;
- Key strategic objectives and targets;
- Major decisions involving the use of financial and other resources;
- Senior personnel issues and standards of conduct;
- The appointment of the Director (jointly with the Prime Minister);
- Involvement in the appointment of some senior staff (jointly with the Director);
- The approval of major purchases by the Museum of objects valued at £100,000, or more, on the recommendation of the Trustees' Collections Committee;
- The approval of major loans by the Museum of objects valued at £1,000,000, or more, on the recommendation of the Trustees' Collections Committee;
- Considering the remuneration of senior staff.

The primary operational decision-making body of the V&A is the Senior Management Board, comprising 14 senior staff members and chaired by the Director Martin Roth. The full composition of the Senior Management Board is shown at Table C. It meets monthly to review all operational issues and receive reports from a variety of committees from across the organisation for information and transparency. The key committees are listed at Table D.

## Compliance with Corporate Governance Code

The Museum is a non-departmental public body and a statutory charity. It is mindful of the Corporate Governance Code for central government departments and Trustees are content that the Museum complies where appropriate.

## Committees of the Board

Much of the Board's business is conducted through its eight committees. Details of their scope and structure are given in Table B. Although it is not a formal committee of the Board of Trustees, updates from V&A Enterprises Board meetings are also reported to Trustees at Board meetings.

## Board performance

The most significant issue addressed by the Trustees during the year was to appoint a successor to Sir Mark Jones as Director and Accounting Officer, following his departure in June 2011. With the approval of the Prime Minister, the Board appointed Martin Roth, who took up the post in September 2011. Beth McKillop (Deputy Director) was Interim Accounting Officer between these dates. The Board has been working with the new Director on the future strategic direction of the V&A.

A number of new Trustees were appointed and inducted within the year (see Table A) to provide the necessary skills for supporting the Museum's work in the future.

Throughout the year the Board continued to help inform and shape FuturePlan Phase 2 projects (the V&A's major programme of redevelopment and refurbishment).

Regarding the V&A's collections the Board:

- Approved the purchase of a number of major acquisitions.
- Agreed major loans of V&A objects.
- Approved a small number of disposals.

Trustees have been instrumental in the development of a Digital FuturePlan for the V&A following the launch of the new V&A website. A new Trustees' Technology Strategy Committee has been set up to help support this initiative which will ensure that the V&A's IT systems and digital delivery across the organisation is fit for the future.

During the year the Trustees also considered routine business including: agreeing the Strategic Plan and the budget; reviewing the Museum's financial management, performance of investments and progress against performance indicators; the policies and procedures for the Museum of Childhood; considering the forthcoming Public Programme; the annual Safety Report; departmental updates including a new strategy for the Learning department; updates from the V&A at Dundee project.

The Board is in the process of establishing a procedure for assessing its performance, the outcome of which will be included in a future report.

## Audit Committee

The Audit Committee is responsible for reviewing the Museum's risks, reviewing the controls in place to manage them, and monitoring its compliance with statutory requirements (including the Annual Report & Accounts). During the year the Committee reviewed all the Internal Audit reports it had commissioned, and agreed the Internal Audit plan for 2012-13 to cover the areas where it would be most beneficial. It reviewed the Strategic Risk Register at each meeting and adopted the corporate Risk Policy. It also reviewed the external audit of the Annual Report & Accounts for 2010-11 and approved the Statement on Internal Control.

Other matters included consideration of the Museum's assurance framework (which documents the sources of assurance that underpin the Museum's information and control systems).

Dame Marjorie Scardino chaired the Committee during most of the year, and was replaced in February 2012, after nine years in the role, by João Baptista.

## Risk management and control

The Museum has adopted a Risk Policy that lays out its policies and procedures for managing risk. The implementation of this policy is described here.

### *Identification and assessment of risk*

The Museum has two risk registers: Strategic and Operational

The Strategic Risk Register deals with issues mostly within the control of Trustees, and which are likely to benefit from their scrutiny. Such risks include: governance, reputation and policy matters. This strategic section includes key physical threats, relating to issues such as health and safety and the security of the Collections, where the Trustees have statutory or quasi-statutory obligations or where realisation of a risk would have exceptionally serious consequences.

The Strategic Risk Register is discussed and updated on a regular basis by the Museum's Senior Management Board and the Audit Committee reviews the updated Strategic Risk Register at its meetings.

The Operational Risk Register deals with matters more within the control, and personal responsibility, of senior management. This embraces a wide range of issues such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. Operational risk registers are maintained by line management at a local level. Managers are expected to regularly review and update their view of risk and highlight major new risks arising to Senior Management Board during the year. A formal review and update is performed as part of the annual planning round.

### *Monitoring of risk*

The Museum has a well-worked out process for identifying and continually assessing risks to its ongoing operations and services to the public. Many of these risks change with circumstances and time but for 2011-12 the major risks for the Museum were:

- The funding environment – in response to difficult economic circumstances, Government policy resulted in reduced Grant in Aid during the year.
- The impact of the economy and events in London on visitors to the Museum and thus Museum revenue.
- Managing the transition period following the change of Director.

The procedures associated with the Risk Registers are only part of the control environment operating within the Museum. Other key aspects include:

- the Senior Management Board meets each month to review all operational issues;
- the Trustees and senior management have agreed a Strategic Plan which outlines key short- and medium-term objectives and appropriate indicators. This ensures that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the Internal Auditor on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the External Auditors (National Audit Office) arising from their annual audit;
- the Finance Committee reviews the financial management of the Museum;
- the Buildings Strategy Committee monitors the progress of large capital projects and the performance of management on Health and Safety issues;
- the Development Advisory Board informs & supports the Museum's fundraising;
- the Collections Committee monitors key aspects of collections management and major acquisition and loan proposals;
- the Investment Committee provides oversight of investment policy and management of investment advisors; and
- the Remuneration Committee reviews salaries of all senior managers including staff employed by VAE.

### *Data Quality*

The Board has gained assurance that the data quality of the information it receives is sound through a mix of internal audit work on data held and its own challenge of the data presented.

**Table A**

<b>Board of Trustees at date of signing</b>			
<b>Name</b>		<b>Term expires</b>	<b>Attendance</b>
Sir Paul Ruddock (Chair)		31/10/2015	6/6
João Baptista	From 28/11/2011	27/11/2015	2/2
Mark Damazer CBE	From 28/11/2011	27/11/2014	1/2
Edwin Davies CBE		31/01/2014	5/6
Andrew Hochhauser QC	From 20/4/2011	19/04/2015	6/6
Betty Jackson CBE		05/12/2012	5/6
Stephen McGuckin		14/09/2012	4/6
Michelle Ogundehin		14/09/2015	3/6
Dame Theresa Sackler	From 28/11/2011	27/11/2015	1/2
Samir Shah OBE		05/12/2012	6/6
Sir John Sorrell	From 20/4/2011	19/04/2015	5/6
Robert Stefanowski		14/09/2015	4/6
Dr Paul Thompson (ex officio as Rector of the RCA)			6/6
Harold Tillman CBE	From 28/11/2011	27/11/2013	2/2
Edmund de Waal OBE	From 28/11/2011	27/11/2015	2/2
<b>Other Trustees who served during the year</b>			
Erin O'Connor		until 14/09/2011	0/2
Professor Lisa Jardine CBE		until 16/12/2011	3/4
The Rt Hon Sir Timothy Sainsbury		until 16/12/2011	3/4
Dame Marjorie Scardino DBE		until 06/02/2012	2/5

**Table B**

<b>Committees of the Board of Trustees</b>		
<b>Committee</b>	<b>Primary functions</b>	<b>Chair</b>
Audit	Financial reporting, risk management & assurance	João Baptista
Buildings Strategy	Development & maintenance of the Museum's estate	Stephen McGuckin
Collections	Acquisition, disposal & loan of the collection	Sir Paul Ruddock
Development	Informing & assisting the Museum's fundraising	Andrew Hochhauser QC
Finance	Overseeing the Museum's financial position	Robert Stefanowski
Investment	Monitoring investment performance & policy	Robert Stefanowski
Museum of Childhood	Policies & practice of the MoC	Samir Shah OBE
Remuneration	Remuneration of senior staff	Sir Paul Ruddock

**Table C**

<b>V&amp;A Senior Management Board at April 2012</b>	
Martin Roth	Director of the V&A (Chair)
Julius Bryant	Keeper, Word & Image
Moira Gemmill	Director of Design
Rhian Harris	Director, Museum of Childhood
Anna Jackson	Keeper, Asia
Jane Lawson	Director of Development
Geoffrey Marsh	Director, Theatre and Performance Collections
Beth McKillop	Deputy Director
Jo Prosser	Commercial Director
Vernon Rapley	Head of Security & Visitor Services
Damien Whitmore	Director of Public Affairs and Programming
Christopher Wilk	Keeper, Furniture, Textiles & Fashion
Sian Williams	Director of Finance
Paul Williamson	Keeper, Sculpture, Metalwork, Ceramics & Glass

**Table D**

<b>Committees of the Senior Management Board</b>	
<b>Committee</b>	<b>Chair</b>
Collections Group	Deputy Director
Contemporary Steering Group	Director of Public Affairs and Programming
Digital FuturePlan Group	Director
Education Programmes Group	Deputy Director
Equality & Diversity Group	Director Public Affairs and Programming
FuturePlan Steering Group	Director
Public Programme Group	Director
Management Forum	Director
Publications Advisory Group	Commercial Director
Research Advisory Committee	Head of Research
Safety and Security Committee	Director
Staffing Committee	Director
Sustainability Group	Director of Design



Martin Roth  
 Director and Accounting Officer  
 5 July 2012



Sir Paul Ruddock  
 Chairman of Trustees  
 5 July 2012

## 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 Victoria and Albert Museum for the year ended 31 March 2012 under the Museum and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum 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 Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director, as Accounting Officer, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Victoria and Albert Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Victoria and Albert Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

### Opinion on regularity

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

### Opinion on financial statements

#### In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Victoria and Albert Museum's affairs as at 31 March 2012 and of its net incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992; and
- the information given in Access to the Collections; Efficiency and Effectiveness; the Governance Statement; and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General

6 July 2012

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

**Consolidated Statement of Financial Activities for the year ended 31 March 2012**

	Notes	Unrestricted funds	Restricted funds	Endowment funds	<b>2012 Total funds £'000</b>	2011 Total funds £'000
		£'000	£'000	£'000		
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid	2a	39,637	1,718	–	<b>41,355</b>	44,318
– Donations, legacies and similar income	2b	1,387	8,814	–	<b>10,201</b>	7,100
– Lottery income		–	331	–	<b>331</b>	484
– Donated objects	6b	–	1,260	–	<b>1,260</b>	4,965
Activities for generating funds						
– Trading Income	8	12,427	–	–	<b>12,427</b>	12,686
– Sponsorship		765	32	–	<b>797</b>	452
Investment income	3	37	10	241	<b>288</b>	271
		<u>54,253</u>	<u>12,165</u>	<u>241</u>	<b><u>66,659</u></b>	<u>70,276</u>
<i>Incoming resources from charitable activities</i>						
Admissions & exhibition fees (incl loans & touring)		3,986	–	–	<b>3,986</b>	4,040
Other trading		832	–	–	<b>832</b>	735
		<u>4,818</u>	<u>–</u>	<u>–</u>	<b><u>4,818</u></b>	<u>4,775</u>
<i>Other Incoming resources</i>						
Other income		2,062	222	–	<b>2,284</b>	697
<b>Total incoming resources</b>		<u>61,133</u>	<u>12,387</u>	<u>241</u>	<b><u>73,761</u></b>	<u>75,748</u>
<b>Resources expended</b>						
5a						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		2,834	318	–	<b>3,152</b>	3,129
Trading costs	8	10,966	–	–	<b>10,966</b>	10,695
Investment management costs		22	31	35	<b>88</b>	175
		<u>13,822</u>	<u>349</u>	<u>35</u>	<b><u>14,206</u></b>	<u>13,999</u>
<i>Charitable Activities</i>	5a	43,444	11,843	–	<b>55,287</b>	56,864
<i>Governance costs</i>	5a	451	–	–	<b>451</b>	580
<b>Total resources expended</b>		<u>57,717</u>	<u>12,192</u>	<u>35</u>	<b><u>69,944</u></b>	<u>71,443</u>
<b>Net incoming resources before transfers</b>		<u>3,416</u>	<u>195</u>	<u>206</u>	<b><u>3,817</u></b>	<u>4,305</u>

**Consolidated Statement of Financial Activities for the year ended 31 March 2012** (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	<b>2012 Total funds £'000</b>	2011 Total funds £'000
		£'000	£'000	£'000	£'000	£'000
Gross transfers between funds		(2,452)	2,516	(64)	-	-
<b>Net incoming resources before other recognised gains and losses</b>		964	2,711	142	<b>3,817</b>	4,305
Gains/(losses) on investment assets	7	202	641	(141)	<b>702</b>	902
Gain/(Loss) on revaluation of fixed assets for the charity's own use	6	-	14,141	-	<b>14,141</b>	(5,364)
<b>Net movement in funds</b>		1,166	17,493	1	<b>18,660</b>	(157)
<b>Fund balances bfwd at 1 April 2011</b>		9,567	389,765	5,856	<b>405,188</b>	405,345
<b>Fund balances cfwd at 31 March 2012</b>	14	10,733	407,258	5,857	<b>423,848</b>	405,188

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

The notes on pages 35 to 51 form part of these financial statements.

**Consolidated and Museum Balance Sheets for the year ended 31 March 2012**

	Notes	Group 2012 £'000	Museum 2012 £'000	Group 2011 £'000	Museum 2011 £'000
<b>Fixed assets</b>					
Tangible assets	6a	347,123	346,802	335,127	334,676
Heritage assets	6b	55,994	55,994	50,619	50,619
Investments	7	14,365	14,568	14,586	14,789
		<b>417,482</b>	<b>417,364</b>	400,332	400,084
Debtors due after one year	9	–	1,025	–	1,025
<b>Current assets</b>					
Stock		2,106	–	2,241	–
Debtors due within one year	9	5,868	6,926	5,962	6,874
Short Term Investments	7	9,208	9,208	8,947	8,947
Cash		5,305	4,105	3,250	2,140
		<b>22,487</b>	<b>20,239</b>	20,400	17,961
<b>Current liabilities</b>					
Creditors due within one year	10	(13,303)	(11,941)	(11,903)	(10,222)
Provisions due within one year	12	(79)	(79)	(580)	(580)
		<b>9,105</b>	<b>8,219</b>	7,917	7,159
<b>Net current assets</b>					
		<b>426,587</b>	<b>426,608</b>	408,249	408,268
<b>Total assets less current liabilities</b>					
Creditors due after one year	10	(2,623)	(2,623)	(2,866)	(2,866)
Provisions due after one year	12	(116)	(116)	(195)	(195)
		<b>423,848</b>	<b>423,869</b>	405,188	405,207
<b>Net assets</b>					
<b>Income funds</b>					
Designated funds		9,766	9,787	8,686	8,705
General funds		967	967	881	881
Total Unrestricted funds	14	10,733	10,754	9,567	9,586
Restricted funds	14	321,315	321,315	317,962	317,962
Revaluation Reserve	14	85,943	85,943	71,803	71,803
Total Restricted Funds		407,258	407,258	389,765	389,765
		<b>417,991</b>	<b>418,012</b>	399,332	399,351
<b>Total Income funds</b>					
Endowment funds	14	5,857	5,857	5,856	5,856
		<b>423,848</b>	<b>423,869</b>	405,188	405,207

\* See note 21

The financial statements on pages 31 to 51 were approved by the Director and the Chairman.



Martin Roth  
Director and Accounting Officer  
5 July 2012



Sir Paul Ruddock  
Chairman of Trustees  
5 July 2012

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

The notes on pages 35 to 51 form part of these financial statements.

**Consolidated Cashflow Statement for the year ended 31 March 2012**

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	a	<b>13,444</b>	10,417
Returns on investments	b	<b>288</b>	271
Capital expenditure and financial investment	b	<b>(11,677)</b>	(9,773)
<b>(Decrease)/Increase in cash and cash equivalents</b>	d	<b>2,055</b>	915

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

Net incoming resources	<b>3,817</b>	4,305
Investment income	<b>(288)</b>	(271)
Net incoming resources before transfer and revaluations	<b>3,529</b>	4,034
Donated assets acquired	<b>(1,260)</b>	(4,965)
Depreciation	<b>10,315</b>	9,995
Loss/(Gain) on fixed assets	<b>54</b>	(1)
Decrease/(Increase) in stocks	<b>135</b>	(703)
Increase/(Decrease) in debtors	<b>94</b>	(246)
Increase in creditors due within one year	<b>1,400</b>	2,020
(Decrease)/Increase in provisions due within one year	<b>(501)</b>	367
(Decrease) in creditors due after one year	<b>(243)</b>	(121)
(Decrease)/Increase in provisions due after one year	<b>(79)</b>	37
Net cash inflow from operating activities	<b>13,444</b>	10,417

**b) Analysis of cash flows***Return on investments:*

Investment income	<b>288</b>	271
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*Capital expenditure and financial investment:*

Payments to acquire tangible fixed assets	<b>(12,339)</b>	(8,480)
Purchase of investments	<b>(1,779)</b>	(2,437)
Proceeds from sale of investments	<b>2,441</b>	1,144
	<b>(11,677)</b>	(9,773)

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

(Decrease)/increase in cash in the period	<b>2,055</b>	915
Cashflow from change in Current Asset Investments	<b>261</b>	1,371
Movement in net funds in the period	<b>2,316</b>	2,286
Net funds at 1 April 2011	<b>12,197</b>	9,911
Net funds at 31 March 2012	<b>14,513</b>	12,197

**d) Analysis of net funds**

	At 1 April 2011 £'000	Cashflow £'000	At 31 March 2012 £'000
Cash at bank and in hand	3,250	2,055	<b>5,305</b>
Current Asset Investments	8,947	261	<b>9,208</b>
Net funds	<b>12,197</b>	<b>2,316</b>	<b>14,513</b>

The notes on pages 35 to 51 form part of these financial statements.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2012

### 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 with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities", Government Financial Reporting Manual, applicable accounting standards, the requirements of the Companies Act and the Accounts Direction issued by the Department for Culture, Media & Sport in 2005 and in a form directed by the Secretary of State with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

The Museum is exempt from corporation tax under sections 478-488 of Corporation Tax Act 2010 on its charitable activities. The Museum's trading subsidiaries gift aid their profits to the Museum.

Consolidated accounts have been prepared which include the Museum accounts, the Museum's trading subsidiaries V&A Enterprises Ltd, and V&A Ltd, consolidated on a line-by-line basis. The Museum Trustees act as Trustees to all the individual funds within the Museum accounts. The Museum owns the whole of the issued share capital of V&A Holdings Ltd and V&A Enterprises Ltd and exercises further control through its overall majority voting powers by virtue of the fact that one of the Museum's Trustees as well as the Museum Director and Finance Director are directors of the company. The Friends of the V&A Ltd, The V&A Foundation and the Gilbert Trust for the Arts Ltd are separate charitable companies, run by their own boards of Trustees and are not consolidated into the Museum's accounts.

#### b) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. Endowment funds are funds which the donor has stated are to be held as capital or expended over the long term.

The South Kensington, Bethnal Green and Blythe House sites are subject to restrictions on their disposal. As a result a transfer is made each year from Unrestricted to Restricted funds in respect of the government funded portion of capital movements in the year.

An appropriate proportion of investment returns on Endowment funds are allocated to Restricted Funds and are available to spend.

#### c) Incoming resources

Grant-in-Aid income from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities on receipt. The restricted element relates to those funds granted specifically for capital expenditure or other restricted purposes.

Gifts and donated assets are accounted for when received by the Museum, and are valued at their market value on the date of receipt.

Legacies are recognised as receivable when confirmation is received from the estate's executor.

Grants and other income that is awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly.

The Museum recognises the costs and income of an exhibition in the year in which the exhibition takes place. Income received for an exhibition taking place in a future period is entered in the first instance on the balance sheet and disclosed under the heading 'Deferred exhibition income'. This deferred income relating to the exhibition, together with any deferred expenses are recognised in the SOFA in the year in which the majority of the exhibition takes place.

All other income is accounted for on a receivable basis.

#### d) Expenditure

Expenditure is classified under the principal categories of Charitable Activities and Costs of Generating Funds rather than by type of expense, in order to provide more useful information to the users of the financial statements. These categories comprise direct expenditure including direct staff costs attributable to the activity.

Costs are allocated directly to the activities to which they relate. Finance, Human Resources, Information Services & Support, Estate and Museum of Childhood costs are allocated between the activities on the basis of staff numbers within these areas.

Governance costs comprise the costs associated with the strategic management of the Museum. Governance staff costs represent the staff involved in the strategic management of the Museum. Also included within Governance costs are the costs of supporting these staff together with other costs such as fees for internal and external audit, legal and other professional fees.

The Museum recognises the costs and income of an exhibition in the year in which the exhibition takes place. The costs of an exhibition taking place in a future period are charged in the first instance to the balance sheet and disclosed under the heading 'Prepaid exhibitions expenditure'. These costs, together with any deferred income relating to the exhibition, are recognised in the SOFA in the year in which the majority of the exhibition takes place.

Depreciation has been allocated to activities on a basis consistent with the use of assets and is charged based upon opening asset values.

All other liabilities are recognised as they fall due.

#### *e) Heritage assets*

Additions to the collection are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Such items are not depreciated as they are deemed to have indefinite lives; items are not revalued as a matter of course unless significantly impaired. To date no impairments have occurred of capitalised items. The Museum's management policy in respect of its heritage assets is summarised in note 6.

Acquisitions are capitalised at cost. Donated objects are capitalised at their deemed value at the date of donation. This value will be determined by the keeper of the relevant collection. It is not the Museum's policy to revalue items once capitalised. Due to the vast number of items within the V&A's collection, and their diverse nature, to undertake valuations with sufficient frequency for them to remain current, would incur a disproportionate cost to the Museum.

Only items for which we have reliable information on cost or value have been capitalised. Such information is not readily available for items donated or acquired prior to 1 April 2001, and could only be obtained at a disproportionate cost to the benefits that would be generated. The number of objects that have been capitalised represent approximately 1% of the entire collection, and revaluing the remainder would require so much resource that the Museum's ability to deliver its charitable objectives would be impaired.

Any object that has been not in place for at five years or longer will be designated as Missing by the Museum's Loss Review Board, and will be treated as a disposal in the Financial Statements. No objects that have been capitalised since 2001 have been designated Missing.

#### *f) Tangible fixed assets*

Tangible fixed assets are accounted for using modified historical cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet.

Depreciation has been provided on all opening gross book values of tangible assets except land, calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings – Structural	– between 20 and 50 years
Buildings – Fit-out	– between 4 and 20 years
Buildings – Plant & Machinery	– between 4 and 20 years
Furniture and Fittings	– between 4 and 20 years
Equipment	– between 4 and 10 years

For assets under construction, depreciation is not charged until the year the asset is brought into use.

A full year of depreciation is charged in the year of acquisition, and none in the year of disposal.

A full professional valuation is carried out every five years by Gerald Eve (Chartered Surveyors) on Land and Buildings. The last full revaluation was undertaken on 31st March 2009. A desktop revaluation is carried out every year between full revaluations.

#### *g) Investments*

Where possible investments are valued using unadjusted quoted prices in active markets for identical financial instruments. The Museum's investments in its subsidiaries, for which no ready market exists, are measured on a cost basis and reviewed for impairment annually. It is the Museum's policy to keep valuations up to date. This means that there is no distinction between realised and unrealised gains in the SoFA.

Investments that are intended to produce a return, but are available to be spent within a 12 month period are treated as Current Asset investments. All other investments, which are intended to produce a long term return, and are not intended to be spent within the next 12 months, are treated as Fixed Asset investments.

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations.

Under FRS26 these are classified as Held for Trading assets, and are valued according to market prices for matching contracts at the balance sheet date.

#### *h) Financial Instruments*

Financial Instruments play a limited role in the Museum as the cash requirements are mostly met through Grant-in-Aid funding.

All debts over six months old are provided for as doubtful debts.

#### *i) Stock and work in progress*

Stock is valued at the lower of cost and net realisable value and comprises goods for resale.

#### *j) Pension cost*

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described at Note 5c. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Museum recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Museum recognises the contributions payable for the year.

V&A Enterprises Limited operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company in an independently administered fund with Aviva plc.

#### *k) Operating leases*

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

#### *l) Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are valued at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

## **2a Grant in Aid income**

Grant in Aid of £41.355m was received from the Department for Culture, Media and Sport during the year (2011: £44.318m). This represents 56% of the total income for the Museum. The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2011-12 totalled £1.7m (2011: £3.4m).

## **2b Voluntary income**

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 2012 £'000</b>	Total 2011 £'000
Donations and Legacies	842	8,814	–	<b>9,656</b>	6,522
Corporate Members	177	–	–	<b>177</b>	186
Director's Circle Patrons scheme	368	–	–	<b>368</b>	392
	<u>1,387</u>	<u>8,814</u>	<u>–</u>	<u><b>10,201</b></u>	<u>7,100</u>

## **3 Investment Income**

Interest receivable	25	10	111	<b>146</b>	45
British Government stocks	–	–	130	<b>130</b>	216
Overseas equities	12	–	–	<b>12</b>	10
	<u>37</u>	<u>10</u>	<u>241</u>	<u><b>288</b></u>	<u>271</u>

**4 Net incoming resources:** is stated after charging:

		<b>Group 2012 £'000</b>	<b>Museum 2012 £'000</b>	Group 2011 £'000	Museum 2011 £'000
External Auditors' remuneration	Auditors' remuneration	<b>61</b>	<b>43</b>	60	43
Operating lease payments	– Land and Buildings	<b>580</b>	<b>580</b>	639	639
	– Other	<b>503</b>	<b>350</b>	504	394
Movement on provision for doubtful debts		<b>5</b>	<b>5</b>	7	7

**5a Total resources expended**

	Direct Costs £'000	Grants Made To Foundation £'000	Allocated Support Costs £'000	Depreciation & loss on disposal £'000	<b>Total 2012 £'000</b>	Total 2011 £'000
<i>Cost of generating funds</i>						
Costs of generating voluntary income	2,584	–	336	232	<b>3,152</b>	3,129
Trading costs	10,755	–	–	211	<b>10,966</b>	10,695
Investment management costs	88	–	–	–	<b>88</b>	175
	<u>13,427</u>	<u>–</u>	<u>336</u>	<u>443</u>	<b>14,206</b>	13,999
<i>Charitable Activities</i>						
Collections & learning	25,136	450	11,458	9,561	<b>46,605</b>	47,021
Exhibitions & Contemporary	6,994	–	1,325	363	<b>8,682</b>	9,843
	<u>32,130</u>	<u>450</u>	<u>12,783</u>	<u>9,924</u>	<b>55,287</b>	56,864
<i>Governance costs<sup>1</sup></i>	<u>372</u>	<u>–</u>	<u>79</u>	<u>–</u>	<b>451</b>	580
<b>Total resources expended</b>	<u>45,929</u>	<u>450</u>	<u>13,198</u>	<u>10,367</u>	<b>69,944</b>	71,443

A grant of £450,000 was made to and accepted by The V&A Foundation (an independent charity with the same objectives as the V&A) during the year.

<sup>1</sup>Governance Costs (Direct)

External Audit Fees – Fee for the year (Museum only)	<b>43</b>	44
– Adjustment in prior year accrual	–	(1)
Internal Audit Fees	<b>37</b>	57
Legal Fees	<b>19</b>	5
Staff costs	<b>316</b>	320
Other executive costs	<b>36</b>	155
	<u><b>451</b></u>	<u>580</u>

Support costs included in above resources expended have been allocated in the activities above on the basis of staff numbers and floor area as follows:

	Information services & support £'000	Projects & Estates £'000	Finance & Admini- stration £'000	Human Resources £'000	Other Central Costs £'000	Museum of Childhood – Admini- stration £'000	<b>Total £'000</b>
<i>Cost of generating funds</i>							
Costs of generating voluntary income	66	169	22	30	33	16	<b>336</b>
<i>Charitable Activities</i>							
Collections & Visitors	2,257	5,762	745	1,025	1,109	560	<b>11,458</b>
Exhibitions & Contemporary	261	666	87	118	128	65	<b>1,325</b>
	<u>2,518</u>	<u>6,428</u>	<u>832</u>	<u>1,143</u>	<u>1,237</u>	<u>625</u>	<b>12,783</b>
	<u>2,584</u>	<u>6,597</u>	<u>854</u>	<u>1,173</u>	<u>1,270</u>	<u>641</u>	<b>13,119</b>
<i>Governance</i>	–	–	79	–	–	–	<b>79</b>
	<u>2,584</u>	<u>6,597</u>	<u>933</u>	<u>1,173</u>	<u>1,270</u>	<u>641</u>	<b>13,198</b>

**5b Wages and salaries**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Wages and salaries	<b>23,329</b>	24,514
Social security costs	<b>1,932</b>	1,934
Pension costs	<b>3,698</b>	3,827
Agency and temporary staff	<b>1,611</b>	1,548
	<b>30,570</b>	31,823
Early retirement and redundancy costs	<b>183</b>	583
	<b>30,753</b>	32,406

During the year restricted funding for staff costs was received totalling £1,208k (2011: £1,246k).

V&A Enterprises Limited's staff costs were £4.950m (2011: £4.932m) of which £3.752m (2011: £3.748m) was for trading activities and £1.197m (2011: £1.184m) was for services provided to the Museum.

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:

	<b>2012</b>	2011
£60,001 – £70,000	<b>9</b>	13
£70,001 – £80,000	<b>5</b>	4
£80,001 – £90,000	<b>5</b>	4
£90,001 – £100,000	<b>5</b>	4
£100,001 – £110,000	<b>1</b>	–
£150,000 – £160,000	<b>–</b>	1
	<b>25</b>	26

Of the employees listed above, 18 (2011: 20) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £281,173 (2011: £342,211). The other 7 (2011: 6) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £44,482 (2011: £41,420).

Senior staff salaries are disclosed in further detail in the remuneration report.

**5c Pension disclosure**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Victoria and Albert Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2011-12, employers' contributions of £3.383m were payable to the PCSPS (2010-11: £3.529m) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2010-11 were between 16.7% and 24.3%). 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 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

From 1 October 2002, Museum staff may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2012. Benefits in classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. The balance of nuvos pension is increased in line with Pensions Increase

Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution, rather than join a PCSPS scheme. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member). Employer's contributions of £29,716 (2011: £29,146) were paid to one or more of a panel of three appointed stakeholder pension providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable pay to cover the cost of centrally – provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Aviva. Employer's contributions are made at an average of 10% and the total amount paid during the year was £285,658 (2011: £268,860).

#### 5d Trustees

The Trustees neither received nor waived any emoluments during the year (2011: £nil).

No Trustees were reimbursed for costs in 2012 (One Trustee was reimbursed £86.40 for travel costs in 2011)

#### 5e Average number of employees (\*)

	<b>2012</b>	2011
Generating voluntary income	<b>47</b>	45
Trading	<b>119</b>	129
Collections & Visitors	<b>554</b>	542
Exhibitions & Contemporary	<b>71</b>	62
Learning	<b>60</b>	83
Governance	<b>10</b>	9
	<b>861</b>	870

(\*) based on full-time equivalents.

Of the above employees – 766 are full time permanent employees of the Museum and its subsidiaries (2011: 789), 32 are externally funded posts (2011:32), and the remaining employees are temporary staff.

**6a Tangible fixed assets**

Group	Land &	Furniture	Equipment	Assets	Total
	Buildings	& fittings		in course of	
Cost or valuation	£'000	£'000	£'000	construction	£'000
At 1 April 2011	331,557	3,418	5,217	1,204	<b>341,396</b>
Transfers	282	–	–	(282)	–
Additions	1,401	112	511	6,200	<b>8,224</b>
Disposals	(1,011)	(19)	(43)	–	<b>(1,073)</b>
Revaluation	6,172	–	–	–	<b>6,172</b>
At 31 March 2012	<u>338,401</u>	<u>3,511</u>	<u>5,685</u>	<u>7,122</u>	<b>354,719</b>
<b>Depreciation</b>					
At 1 April 2011	973	2,024	3,273	–	<b>6,269</b>
Charged for the year	8,613	471	1,231	–	<b>10,315</b>
Disposals	(958)	(19)	(42)	–	<b>(1,019)</b>
Revaluation	(7,969)	–	–	–	<b>(7,969)</b>
At 31 March 2012	<u>659</u>	<u>2,476</u>	<u>4,461</u>	<u>–</u>	<b>7,596</b>
<b>Net book value</b>					
At 31 March 2012	<u>337,742</u>	<u>1,035</u>	<u>1,224</u>	<u>7,122</u>	<b>347,123</b>
At 31 March 2011	<u>330,584</u>	<u>1,394</u>	<u>1,945</u>	<u>1,204</u>	<b>335,127</b>

The net book value at 31 March 2012 represents fixed assets of the Group for:

	Land &	Furniture	Equipment	Assets	Total
	Buildings	& fittings		in course of	
	£'000	£'000	£'000	construction	£'000
Direct charitable activities	337,742	832	1,149	7,079	<b>346,802</b>
Other activities	–	203	75	43	<b>321</b>
Total	<u>337,742</u>	<u>1,035</u>	<u>1,224</u>	<u>7,122</u>	<b>347,123</b>

Museum	Land &	Furniture	Equipment	Assets	Total
	Buildings	& fittings		in course of	
Cost or valuation	£'000	£'000	£'000	construction	£'000
At 1 April 2011	331,557	2,905	5,026	1,204	<b>340,692</b>
Transfers	282	–	–	(282)	–
Additions	1,401	91	492	6,157	<b>8,141</b>
Disposals	(1,011)	(19)	(43)	–	<b>(1,073)</b>
Revaluation	6,172	–	–	–	<b>6,172</b>
At 31 March 2012	<u>338,401</u>	<u>2,977</u>	<u>5,475</u>	<u>7,079</u>	<b>353,932</b>
<b>Depreciation</b>					
At 1 April 2011	973	1,857	3,186	–	<b>6,016</b>
Charged for the year	8,613	307	1,183	–	<b>10,103</b>
Disposals	(958)	(19)	(43)	–	<b>(1,020)</b>
Revaluation	(7,969)	–	–	–	<b>(7,969)</b>
At 31 March 2012	<u>659</u>	<u>2,145</u>	<u>4,326</u>	<u>–</u>	<b>7,130</b>
<b>Net book value</b>					
At 31 March 2012	<u>337,742</u>	<u>832</u>	<u>1,149</u>	<u>7,079</u>	<b>346,802</b>
At 31 March 2011	<u>330,584</u>	<u>1,048</u>	<u>1,840</u>	<u>1,204</u>	<b>334,676</b>

## Land & Buildings

On the 31st March 2012 a desktop valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual, and included the refurbished spaces which came into use during the year. The site at South Kensington was valued at £319.0m, the site at Bethnal Green at £12.2m and the V&A's share of Blythe House at £6.9m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

The appropriate basis of valuation for financial statements is normally Existing Use value. However, the Museum at South Kensington and the Museum of Childhood in Bethnal Green are of such a construction and specialised use that an Existing Use basis of valuation is inappropriate. The lack of demand or market value for the property in isolation from its current use is such that the land and buildings are most appropriately valued according to their Depreciated Replacement Cost.

All land and buildings are freehold.

## 6b Heritage Assets

Additions of £5.375m (2011: £6.794m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
<b>Opening balance b/fwd</b>					
Donated objects (shown at valuation)	33,991	29,026	25,821	24,173	20,988
Acquisitions (shown at cost)	16,628	14,799	11,850	10,592	9,813
	<b>50,619</b>	43,825	37,671	34,765	30,801
Donations of objects by gift or bequest	980	3,703	2,295	623	2,959
Donations of objects under the acceptance in lieu scheme	280	1,262	910	1,025	226
	<b>1,260</b>	4,965	3,205	1,648	3,185
Acquisitions	4,115	1,829	2,949	1,258	779
Total Additions	<b>5,375</b>	6,794	6,154	2,906	3,964
<b>Closing balance c/fwd</b>					
Donated objects (shown at valuation)	35,251	33,991	29,026	25,821	24,173
Acquisitions (shown at cost)	20,743	16,628	14,799	11,850	10,592
	<b>55,994</b>	50,619	43,825	37,671	34,765

## Further information on the Museum's heritage assets

In total the V&A holds 1,180,172 museum objects and works of art within its collections, as well as 1,052,312 library items and 809 archival collections. Of these approximately 1% have been included in the balance sheet of the Museum and the table above. At 29 March 2012, 59,325 items were on display with access to other items available through reading and study rooms or by arrangement. Further access can be obtained from reference facilities and publications, the Museum website, selected third party websites, and other electronic media. These objects are held within the following collections:

*Asian Collections 125,706 objects and 1 archival collection:*

The Asian Collections of the V&A are world-renowned, spanning the wealth and diversity of artistic creativity across the continent from 3,500 BC until the present day. The collections are remarkable for their range of media; particular strengths include ceramics from China and the Middle East, textiles from China, South Asia and the Middle East and lacquer and prints from Japan. The Department collects objects illustrating the history of art and design throughout Asia.

*Furniture, Textiles & Fashion Collections 82,883 objects:*

The Western Furniture and Woodwork collections date from the medieval period to current times and are unique in their international scope. However, the greatest strength lies in the holdings of British furniture made between 1700 and 1900. The Textile collection is the world's largest and the most wide-ranging of its kind, covering all parts of the world, extending in date from the 3rd century AD to the present day, concentrating

on Western Europe. The Fashion collection is the premier collection in the UK and consists of European (mainly French and English) fashionable clothes and accessories for both sexes. High quality 18th – and 19th-century fashion is a priority but primary emphasis is on contemporary material, especially the development of technologically advanced fabrics and their use in the fashion industry.

*Sculpture, Metalwork Ceramics & Glass Collections 107,451 objects:*

The Western Sculpture collection is the most comprehensive holding of post-classical European sculpture in the world. The Metalwork collection contains examples of decorative metalwork, silver and jewellery ranging in date from the Bronze Age to the present day. It includes the national collection of English silver. The Ceramics collection is without parallel in the world and, by virtue of its size, quality and range, may be considered pre-eminent in its entirety. The Glass collection is the most comprehensive in Europe, and the stained glass holdings are unparalleled anywhere.

*Word & Image Collections 770,727 objects, 354 archival collections, 951,853 library items:*

The Word & Image collections encompass design, drawings, paintings, prints, photography and the art of the book. They provide a national centre for primary source material for the study of design. The collection of 19th-century British oil paintings includes the principal collection of John Constable, and the foreign oil paintings collection is of national significance. The Museum has the national responsibility for collecting watercolours and English portrait miniatures. The Photography collection is international and spans the whole history of the subject from 1839 to the present. The Prints collection, uniquely in Britain, embraces 'fine' prints and commercial production. Holdings of the art, craft and design of the book encompass every aspect of the book from illuminated manuscripts to paperbacks. Contemporary production is a priority in all relevant fields; digital media represents a current challenge. The Department is especially active in areas where the fine and applied arts intersect.

*Childhood Collections 31,655 objects and 31 archival collections:*

The V&A Museum of Childhood (MoC) contains outstanding childhood collections. They include: dolls' houses, games, toys, dolls, puppets, social history, ephemera, children's clothing, childcare and furniture – objects dating back to the sixteenth century to today. There are over 100,000 objects in the MoC collections and collections of international significance include: Dolls, Children's Clothing, Dolls Houses, Furniture and Games & Puzzles. The Museum is very rich in the 'Play' areas of the collection; its collecting priorities focus on social history, visual arts, material relating to older children and contemporary objects.

*Theatre & Performance Collections 61,750 objects, 423 archival collections, 100,459 library items:*

The Theatre & Performance Collections are dedicated to the history, craft and practice of the performing arts in the UK. Its primary emphasis is on drama, dance, opera and musical theatre. In providing the national record of performance, it combines the functions of archive, library and educational resource. The department documents its production and reception by gathering a variety of evidence in different media. Since 1992, the department has made archival recordings of current theatre productions under a unique agreement with the Federation of Entertainment Unions. Contemporary and 20th-century collecting includes graphic, photographic, video and audio material relating to the performing arts and, selectively, designs, models, costumes, archives, theatre architecture/stage technology and library materials.

## **Preservation & Management**

All objects are recorded and managed by one of the Museum's six collection departments, which is overseen by the respective Collection Keeper or Director, who report to the Deputy Director. The Museum maintains a Collections Management System for the documentation of collection objects and a Library system for bibliographic items and archival material, which is catalogued at collections level.

The Museum has established standards of care for the preservation of collections that are regularly reviewed. These standards reflect public access requirements, research and exhibition needs, funding and staff resources, and urgency of care. The Museum is guided by 'A Code of Practice on Archives for Museums and Galleries in the United Kingdom' (Standing Conference on Archives and Museums, 3rd edition, 2002) and 'The Standard for Record Repositories' (Historical Manuscripts Commission, 3rd edition, 2001).

The V&A is fully accredited as a Museum by the Arts Council England. The Museum's Acquisition and Disposal Policy is available on the V&A website ([www.vam.ac.uk](http://www.vam.ac.uk)) as part of the V&A Collections Management Policy. This Policy was approved by the Board of Trustees on 17 September 2009 and will be reviewed at five year intervals. The National Heritage Act 1983, as amended by the Museums and Galleries Act 1992 sets out the Museum's statutory framework and powers of disposal.

Acquisitions are made on the basis of aesthetic or historical significance, illustration of a significant development of a specific technique or to complete an object(s) already held. As specified under this Act, the Board of Trustees may dispose of an object by sale, exchange or gift, if it falls into one or more of the following categories: if it is a duplicate of another object, if it is unsuitable for retention and can be disposed of without detriment to the interests of students or other members of the public, if it is transferred, given to, sold to or exchanged with an institution specified in Schedule 5 of the Museums & Galleries Act 1992, or it has deteriorated beyond usefulness for the purposes of the collections.

## 7 Investments

	Short Term Investments		Fixed Asset Investments	
	Group 2012 £'000	Museum 2012 £'000	Group 2012 £'000	Museum 2012 £'000
<b>Market value at 1 April</b>	<b>8,947</b>	8,947	<b>14,586</b>	14,789
Add: Additions to portfolio	<b>1,539</b>	1,539	<b>240</b>	240
Less: Withdrawals from portfolio	<b>(2,033)</b>	(2,033)	<b>(408)</b>	(408)
Net gain/(loss) on revaluation	<b>755</b>	755	<b>(53)</b>	(53)
<b>Market value at 31 March 2012</b>	<b>9,208</b>	9,208	<b>14,365</b>	14,568
<i>of which</i>				
<b>Historical cost at 31 March 2012</b>	<b>8,842</b>	8,842	<b>13,405</b>	13,608
Unrealised investment gain/(loss) at 31 March 2012	<b>366</b>	366	<b>960</b>	960
	<b>2012</b>	2012	<b>2012</b>	2012
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Analysis of gain by asset class				
Gain/(loss) on assets Available for Sale	<b>826</b>	826	<b>47</b>	47
Gain/(loss) on assets Held for Trading	<b>(71)</b>	(71)	<b>(100)</b>	(100)
	<b>755</b>	755	<b>(53)</b>	(53)
Investment assets in the UK				
Government stocks & Corporate bonds	<b>5,462</b>	5,462	<b>4,528</b>	4,528
Investment Funds	-	-	<b>1,364</b>	1,364
Cash & currency hedges	<b>3,746</b>	3,746	<b>637</b>	637
Unlisted Equities (trading subsidiary)	-	-	-	203
Investment assets outside the UK				
Government stocks & Corporate bonds	-	-	<b>819</b>	819
Multi Asset Investment Funds	-	-	<b>7,017</b>	7,017
	<b>9,208</b>	9,208	<b>14,365</b>	14,568

### The Role of Financial Instruments

The following disclosure describes the nature and extent of risks arising from financial instruments to which the Museum is exposed and how the Museum manages those risks.

#### Liquidity and Credit Risk

The largest single source of income (i.e. 56%) is received by way of Grant in Aid which is drawn down according to need, and as a result the Museum is not exposed to significant liquidity or credit risk. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

#### Market Risk

##### Foreign Currency Risk

The Museum's exposure to foreign currency risk is not significant as, wherever possible contracts are negotiated in sterling, and foreign currency receipts are converted to sterling on receipt.

Two bad debts, totalling £5k, were written off during the year.

As the Museum's investments include overseas assets, it uses simple forward currency contracts within the portfolios to offset the effect of currency fluctuations in major currencies (Euros & US Dollars) within the portfolios. If the value of the investment increases because of currency movements, the corresponding contract will decrease in value, and vice versa. If the currency contract is in a negative position on maturity, the Museum would meet the cash requirement by selling some of the corresponding assets (which would have increased in value).

The amount of the currency contracts are determined by the allocation of assets within the portfolios, and adjusted at least quarterly to match any changes in asset allocations. Therefore the net effect of any currency fluctuation in one of the hedged currencies should be nil.

It is our policy to hedge a minimum of 90% of our foreign currency holdings. A 10% appreciation of the US dollar would have given rise to a nil increase in income, an increase in unrestricted funds of £12k, an increase in restricted funds of £3k and an increase in endowment funds of £17k. A 10% appreciation of the Euro would have given rise to a nil increase in income and a nil increase across unrestricted, restricted funds and endowment funds. A 10% appreciation of the Japanese Yen would have also given rise to a nil increase in income, and a nil increase across all of the funds. A 10% depreciation of the stated currencies would have an equal and opposite effect. These are the major currencies in which the Group's financial instruments are denominated.

#### *Interest Rate Risk*

The Museum has no exposure to interest rate risk on its financial liabilities. Its financial assets are held in fixed term deposit accounts with maturity of one month or less, or in funds or assets that can be readily traded, and so have no fixed interest rate.

## **8 Trading subsidiaries**

The Museum owns the whole of the issued share capital of V&A Enterprises Limited, a company registered in England and Wales. The company's principal activities are the sourcing, design, production and sale of books and merchandise relating to the collections and mission of the V&A; also the granting of licenses for commercial goods inspired by the collections of the V&A, and sold under the V&A brand. The company runs V&A Publishing and V&A Images, and also manages the income for corporate venue hire and educational services within the Museum.

A summary of the results of this subsidiary are shown below:

	<b>V&amp;A Enterprises Limited</b>	
	<b>2012</b>	2011
	<b>£'000</b>	£'000
<i>Profit and loss account</i>		
Turnover	<b>12,427</b>	12,712
Cost of sales	<b>(4,687)</b>	(4,760)
<b>Gross Profit</b>	<b>7,740</b>	7,952
Administrative expenses	<b>(6,407)</b>	(6,042)
<b>Trading profit</b>	<b>1,333</b>	1,910
Interest receivable and similar income	<b>4</b>	11
Loan Interest Payable	<b>(15)</b>	(15)
Payment under gift aid to Museum	<b>(1,322)</b>	(1,906)
<b>Profit on Ordinary Activities before Taxation</b>	<b>-</b>	-
<b>Retained in subsidiary</b>	<b>-</b>	-
	<b>2012</b>	2011
	<b>£'000</b>	£'000
<i>Balance sheet</i>		
Tangible fixed assets	<b>322</b>	451
Current assets	<b>4,708</b>	4,716
Creditors due within one year	<b>(3,827)</b>	(3,964)
Creditors due after one year	<b>(1,000)</b>	(1,000)
<b>Net assets</b>	<b>203</b>	203
<b>Share capital and reserves</b>	<b>203</b>	203
<b>Profit and loss account</b>	<b>-</b>	-
<b>Shareholders' Funds</b>	<b>203</b>	203

Reconciliation of results of trading company to the consolidated Statement of Financial Activities:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Turnover	<b>12,427</b>	12,712
<i>Intercompany transactions</i>		(26)
<b>Trading income included within SOFA</b>	<b>12,427</b>	12,686
Cost of sales	<b>4,687</b>	4,760
Administrative expenses	<b>6,407</b>	6,042
Interest payable	<b>15</b>	15
Taxation	-	-
<i>Intercompany transactions</i>	<b>(143)</b>	(122)
<b>Trading costs included within SOFA</b>	<b>10,966</b>	10,695
Interest receivable and similar income	<b>3</b>	11
<i>Intercompany transactions</i>	-	-
<b>Included in Investment Income per SOFA</b>	<b>3</b>	11

The Museum also owns 100% of the issued share capital of V&A Holdings Limited which in turn owns 100% of the issued share capital of V&A Limited; there has been no significant activity in the period.

## 9 Debtors

	<b>Group</b>	<b>Museum</b>	Group	Museum
	<b>2012</b>	<b>2012</b>	2011	2011
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Trade debtors	<b>1,331</b>	<b>733</b>	1,306	758
Less provision for Doubtful debts	<b>(26)</b>	<b>(26)</b>	(31)	(31)
Other debtors	<b>235</b>	<b>156</b>	174	120
Prepayments and accrued income	<b>1,217</b>	<b>671</b>	1,390	826
Prepaid exhibition expenditure	<b>1,719</b>	<b>1,719</b>	1,733	1,733
Recoverable taxation (VAT)	<b>1,392</b>	<b>1,392</b>	1,390	1,390
Amounts due from subsidiary undertaking	-	<b>2,281</b>	-	2,078
	<b>5,868</b>	<b>6,926</b>	5,962	6,874

### Amounts falling due after one year

Debtors – after one year				
Due from trading subsidiaries	-	<b>1,025</b>	-	1,025
	-	<b>1,025</b>	-	1,025

The Museum has agreed an intercompany loan facility for £2m, of which £1m has been drawn down to date. The loan is repayable on demand and is secured by a Mortgage Debenture dated 25th June 2008 on all of the subsidiary's assets. The fair value of the loan is £1m.

The Museum has confirmed that it will not call the loan for repayment until, at the earliest 30 June 2013, and then subject to the ability of the subsidiary to make repayments. Interest on the loan is charged at 1% above the Bank of England Base rate.

The Museum also made a loan of £25k in a previous year to V&A Limited which is repayable by 31st March 2013.

### 9.1 Intra-Government Balances

	<b>Amounts falling due within one year</b>		<b>Amounts falling due after more than one year</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£</b>	£	<b>£</b>	£
Balances with other central government bodies	<b>1,453</b>	1,675	-	-
Balances with bodies external to government	<b>4,415</b>	4,287	-	-
Total debtors at 31 March	<b>5,868</b>	5,962	-	-

**10 Creditors**

	Notes	<b>Group 2012 £'000</b>	<b>Museum 2012 £'000</b>	Group 2011 £'000	Museum 2011 £'000
<b>Amounts falling due within one year</b>					
Trade creditors		<b>3,064</b>	<b>2,168</b>	4,100	3,081
Other creditors		<b>12</b>	<b>6</b>	16	13
Accruals		<b>7,534</b>	<b>7,089</b>	5,737	4,990
Deferred income	11	<b>383</b>	<b>383</b>	223	223
Deferred exhibition income		<b>1,351</b>	<b>1,351</b>	821	821
Taxation and social security costs		<b>959</b>	<b>832</b>	1,006	888
Amounts owed to subsidiary undertaking		<b>-</b>	<b>112</b>	-	206
		<b>13,303</b>	<b>11,941</b>	11,903	10,222
<b>Amounts falling due after one year</b>					
Deferred income – after one year	11	<b>2,623</b>	<b>2,623</b>	2,866	2,866
		<b>2,623</b>	<b>2,623</b>	2,866	2,866

**10.1 Intra-Government Balances**

	<b>Amounts falling due within one year</b>		<b>Amounts falling due after more than one year</b>	
	<b>2012 £</b>	2011 £	<b>2012 £</b>	2011 £
Credit balances with other central government bodies	<b>1,084</b>	1,483	-	-
Credit balances with bodies external to government	<b>12,219</b>	10,420	<b>2,623</b>	2,866
Total creditors at 31 March	<b>13,303</b>	11,903	<b>2,623</b>	2,866

**11 Deferred Income**

	<b>2012 £'000</b>	2011 £'000
As at 1 April	<b>3,089</b>	3,096
Deferred in current year	<b>383</b>	224
Released from previous year	<b>(466)</b>	(231)
As at 31 March	<b>3,006</b>	3,089

Of this balance £2.744m represents funds given to the Museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

**12 Provisions**

	<b>2012 £'000</b>	2011 £'000
As at 1 April	<b>775</b>	371
Provision in year	<b>9</b>	621
Paid in year	<b>(589)</b>	(217)
As at 31 March	<b>195</b>	775
Provisions – within one year	<b>79</b>	580
Provisions – after one year	<b>116</b>	195
	<b>195</b>	775

The provisions relate to those early retiring employees for whom the Museum will continue to pay PCSPS contributions until they reach the relevant pensionable age.

### 13 Financial commitments

At 31 March 2012 the Museum had annual commitments under non-cancellable leases as follows:

	2012 Land & Buildings £'000	2012 Other £'000	2011 Land & Buildings £'000	2011 Other £'000
Operating leases which expire:				
Within one year	16	36	463	94
In the second to fifth year	110	34	143	162
After five years	112	–	112	–
	<b>238</b>	<b>70</b>	<b>718</b>	<b>256</b>

V&A Enterprises Ltd have annual commitments under non-cancellable operating leases, which expire between one and five years (within one year £16k & between two and five years £110k). The other subsidiaries of the Museum do not have any financial commitments.

### 14 Statement of funds

	As at 1 April 2011 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fixed Assets – Gains/ losses on Revaluation £'000	Invest- ments – Gains/ losses under Fair Values £'000	As at 31 March 2012 £'000
<b>Unrestricted Funds</b>							
General Income funds	881	61,117	(57,243)	(3,787)	–	–	968
Designated Income funds	8,337	16	(474)	1,684	–	202	9,765
Designated Capital funds	349	–	–	(349)	–	–	–
<b>Total Unrestricted Funds</b>	<b>9,567</b>	<b>61,133</b>	<b>(57,717)</b>	<b>(2,452)</b>	<b>–</b>	<b>202</b>	<b>10,733</b>
<b>Restricted Funds</b>							
Restricted Funds							
<i>Restricted Income Funds</i>							
– Acquisitions for the Collection <sup>1</sup>	194	2,865	(1)	(2,817)	–	23	264
– Restricted Income funds	1,786	2,066	(1,940)	(805)	–	427	1,534
– Museum Development funds <sup>1</sup>	1,703	4,478	(10)	(4,448)	–	191	1,914
– Endowment funds income	1,136	–	(85)	(301)	–	–	750
	4,819	9,409	(2,036)	(8,371)	–	641	4,462
<i>Restricted Asset Funds</i>							
Restricted Capital funds <sup>2</sup>	262,525	1,718	(10,156)	6,772	–	–	260,859
Revaluation Reserve	71,802	–	–	–	14,141	–	85,943
Heritage Assets <sup>1</sup>	50,619	1,260	–	4,115	–	–	55,994
	384,946	2,978	(10,156)	10,887	14,141	–	402,796
<b>Total Restricted Funds</b>	<b>389,765</b>	<b>12,387</b>	<b>(12,192)</b>	<b>2,516</b>	<b>14,141</b>	<b>641</b>	<b>407,258</b>
<b>Endowment Funds</b>							
Endowments	5,856	241	(35)	(64)	–	(141)	5,857
<b>Total Endowment Funds</b>	<b>5,856</b>	<b>241</b>	<b>(35)</b>	<b>(64)</b>	<b>–</b>	<b>(141)</b>	<b>5,857</b>
<b>Total Funds</b>	<b>405,188</b>	<b>73,761</b>	<b>(69,944)</b>	<b>–</b>	<b>14,141</b>	<b>702</b>	<b>423,848</b>

<sup>1</sup> Transfers are made each year from Income to Restricted Capital funds in respect of certain capital assets acquired since the assets are subject to restrictions on their disposal.

<sup>2</sup> Transfers have been made from Unrestricted to Restricted funds in respect of the capital funds in order to show the value of the Museum's fixed assets as separate restricted and designated funds.

**Unrestricted funds general**

The general funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. The amount of these available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum is detailed in note 15.

**Unrestricted funds designated**

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes, primarily used to fulfil the Trustees' reserve policy.

Designated Capital funds – expenditure funded from non restricted sources on assets which have been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values.

**Restricted funds**

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Acquisitions for the Collection – a collection of funds from various donations, which are to be used to purchase items for the Collection

Museum Development funds – funds received in relation to FuturePlan projects

Endowment funds income – income arising from the investment of the Endowment funds, which is to be used as agreed on original receipt of the endowment.

Restricted Capital funds – expenditure funded from restricted sources, including capital grant in aid, on assets which have been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values.

Heritage – These funds represent the movements in the capital value of the assets donated to or acquired for the collection and agree to the balance sheet values.

**Endowment funds**

These comprise funds donated on condition that the capital value of the donation is held in perpetuity, or in the case of expendable endowment, for the long term.

**Fair Value**

Funds include investments stated as fair value. The Fair Value reserve included in the numbers above is

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Unrestricted	<b>780</b>	644
Restricted	<b>374</b>	238
Endowment	<b>172</b>	248
	<b><u>1,326</u></b>	<u>1,130</u>

**15 Statement of fund commitments as at 31st March 2012**

	<b>As at 31 March 2012 £'000</b>	As at 31 March 2011 £'000
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds (excluding investment in VAE)	<b>765</b>	678
Designated income funds	<b>9,765</b>	8,337
	<b>10,530</b>	9,015
<i>Funds raised for specific purposes:</i>		
Restricted income funds	<b>4,462</b>	4,819
<b>Total funds available for spending</b>	<b>14,992</b>	13,834
<i>Funds not available for Trustees' spending:</i>		
General income funds – share capital of V&A Enterprises	<b>203</b>	203
Endowment funds (Capital element)	<b>5,857</b>	5,856
Capital funds (Fixed Assets)	<b>402,796</b>	385,295
<b>Total funds not available for spending</b>	<b>408,856</b>	391,354
<b>Total funds in balance sheet</b>	<b>423,848</b>	405,188

**16 Analysis of group net assets between funds**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>Total 2012 £'000</b>	Total 2011 £'000
Fund balances at 31 March 2012 are represented by:					
Tangible fixed assets	321	402,796	–	<b>403,117</b>	385,746
Investments	7,371	1,111	5,883	<b>14,365</b>	14,586
Current assets	19,097	3,390	–	<b>22,487</b>	20,400
Current liabilities	(13,317)	(39)	(26)	<b>(13,382)</b>	(12,483)
Liabilities due after one year	(2,739)	–	–	<b>(2,739)</b>	(3,061)
Net assets	<b>10,733</b>	<b>407,258</b>	<b>5,857</b>	<b>423,848</b>	405,188

**17 Capital commitments**

	<b>2012 £'000</b>	2011 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<b>3,961</b>	991

The majority of the capital commitments relate to design fees and enabling works for the Furniture Galleries (due to open in November 2012), and design and professional fees on the Textile and Fashion Conservation Centre, the Fashion Gallery and the Exhibition Road project.

## 18 Related Party Transactions

The Victoria and Albert Museum is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). Other bodies sponsored by DCMS are regarded as related parties, as are organisations in which Trustees or key members of management (or their connected persons) have an interest. During the year, the Victoria and Albert Museum only entered into transactions with related parties under normal business terms.

Related Party	Relationship	Donations/ Grants Received/ (Made)	Amount Sold	Amount Purchased	Year end balance Debtors	Year end balance (Creditors)
		£'000	£'000	£'000	£'000	£'000
Arts Council	DCMS funded bodies	13	-	-	-	-
British Museum		-	-	410	14	-
The National Gallery		-	1	-	-	-
National Museum of Science & Industry		-	-	-	10	-
Natural History Museum		-	98	1,355	9	(119)
Tate		-	-	-	7	-
Exhibition Road Cultural Group	V&A staff are officers or Trustees	-	23	19	14	-
Friends of the V&A		329	92	9	7	(4)
Gilbert Trust for the Arts		120	-	-	-	-
The V&A Foundation	V&A Chair is a Trustee	450	-	-	-	-
	V&A is a member					
Pearson Group	V&A Trustee is Director	-	51	-	-	-
The Metropolitan Museum Of Art	V&A Chair is a Trustee	-	-	4	-	-
Royal College of Art	V&A Director is a Trustee:	-	290	58	-	(2)
	V&A Trustee is Rector					
The National Trust	V&A Director is a Trustee	-	2	-	-	-

Five trustees donated a total of £29,500 to the Museum during the year.

No other Trustees or staff member obtained any personal pecuniary benefit from these transactions and no trustee or staff member had any other material transactions with the Museum in the year. No trustees held any significant interests which would conflict with their management responsibilities of the Museum.

The Director and Director of Finance of the Victoria and Albert Museum serve unremunerated on the Board of V&A Enterprises Limited.

## 19 Contingent Liabilities

There are no contingent liabilities as at 31st March 2012 (2011: Nil).

## 20 Post Balance Sheet Events

There were no post balance sheet events except for the authorised for issue date as disclosed on the audit certificate.



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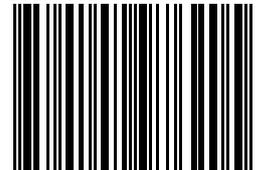
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