

The Wallace Collection
Annual Report and Accounts 2011-2012

The Wallace Collection Annual Report and Accounts 2011-2012

Presented to Parliament pursuant to section 9(8) of the Museums and Galleries Act 1992

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Annual Report

Background information

The Wallace Collection was formed by four generations of Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), between the 1780s and the 1880s, it was bequeathed to the nation by Lady Wallace in 1897. Her bequest stipulated that it should be preserved as a national museum ‘unmixed with other works of art’. The Collection contains Old Master paintings, miniatures, sculpture, French furniture, porcelain and goldsmiths’ work, European and Oriental arms and armour, and medieval and Renaissance works of art. All are of the highest quality and of international importance. Its holdings of French eighteenth century art, Old Master paintings and of European arms and armour are among the best in the world. Since the 1870s the collections have been housed in Hertford House, Manchester Square, London, W1U 3BN, one of the Hertford-Wallace residences and a Grade II listed building. The Wallace Collection was opened to the public on 22 June 1900, and has been undergoing major refurbishment since the 1990s. Admission is free.

A Treasury Minute of 28 July 1897 appointed the first Board of Trustees, which acts on the authority of a Declaration of Trust dated 27 July 1899, and of the Museums and Galleries Act 1992, which specifies the Board’s general function to maintain, exhibit and grant access to, and promote public understanding and enjoyment of the Collection. Responsibility for Government financing of the Collection rests with the Secretary of State for Culture, Olympics, Media and Sport, from whom the Collection receives a Grant-in-Aid out of monies provided by Parliament. The Collection is a Non-Departmental Public Body of the Department for Culture, Media and Sport. It is a charity exempt from registration under the provisions of the Second Schedule to the Charities Act 1993. It has a wholly-owned subsidiary, Hertford House Marketing Limited, whose results are consolidated with the Wallace Collection’s results for the purpose of these accounts.

Objectives

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

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

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

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The Trustees' therefore consider the Wallace Collection's principal aim is one of stewardship, specifically:

- To safeguard this unique and varied Collection, making it accessible for the present and preserving it for future generations

And to achieve this, the Collection's subsidiary aims are to:

- Promote the understanding and enjoyment of the Collection
- Maintain and improve the conservation and display of the works of art
- Foster and encourage the study of eighteenth-century French art and nineteenth-century collecting
- Maintain Hertford House and its services

In light of these aims the current Corporate Plan 2011-14 has the following objectives:

1) Scholarship

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

2) Housekeeping and Efficiency

To improve working practices, efficiency and effectiveness throughout the Wallace Collection. This will encompass archiving, IT practices, filing, streamlining record keeping and improving energy efficiency. *Championed by the Finance and Operations Director.*

3) Excellence and Public Face

To improve visitor understanding and appreciation of the Collection, and their experience as a whole, by presenting the Collection across all media in the best possible way. In particular managing the communications around the closure of the Great Gallery for refurbishment. *Championed by the Development and Marketing Director.*

4) Capital Projects

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; from the completion of the Dutch Galleries through to the Great Gallery. *Championed by the Director.*

5) 2012 Olympics and The Noble Art of the Sword Exhibition

To celebrate the 2012 Olympics by presenting an exhibition on *The Noble Art of the Sword* and related activities; maximising visitors and revenues during this period. *Championed by the Development and Marketing Director.*

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The Collections

The works of art in the Collection, broken down by the new collection categories comprise:

CATEGORY	ITEMS
Pictures (paintings, watercolours, drawings and etchings)	777
Furniture	525
Asian and African Art	97
European Arms and Armour	1,342
Oriental Arms and Armour	1,054
Earthenware	203
Porcelain	287
Glass	59
Limoges enamels	29
Gold boxes	89
Sculpture	481
Miniatures	317
Works of Art*	341
Manuscript cuttings	32

**(including Medieval and Renaissance works of art, Jewellery, and the Augsburg Service)*

These objects (5,633 in total) encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. They are housed in twenty-seven rooms and galleries on the ground and first floors, with additional Exhibition Galleries, Visitors' Library, Lecture Theatre, Meeting Room, Studio, Conservation Gallery and Reserve Collection Gallery on the lower ground floor.

The Old Master paintings are from the British, Dutch, French, Italian and Spanish schools (including works by Titian, Rubens, Rembrandt, and Frans Hals' *The Laughing Cavalier*), and are largely displayed in eight galleries on the first floor. The eighteenth-century French paintings (including Fragonard's *The Swing*), furniture, porcelain and goldsmiths'

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work, including many pieces from the royal chateaux of Versailles and Fontainebleau, represents one of the greatest collections of *ancien regime* art in the world. The European and Oriental arms and armour, and medieval and renaissance works of art, are displayed in six ground-floor galleries, and sculpture and miniatures are dispersed throughout the house. We also have the national holding of oil paintings and watercolours by Bonington. Since all the works of art are of superlative quality, they are a source of study and enjoyment for scholars and visitors from all over the world.

Since the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing from its permanent collection, objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection. There is also a handling collection of objects used for teaching and demonstration.

Volunteers

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

Review of the Year

The most significant event in the life of the Wallace Collection in 2011-12 was undoubtedly the retirement in October 2011 of Dame Rosalind Savill DBE after serving as Director since 1992. A great many supporters and friends gathered to wish her well and to welcome the Wallace Collection's paintings curator Dr. Christoph Vogtherr as the new Director. The various other activities of Wallace Collection life throughout the year are outlined below.

Gallery Refurbishment 2011-12

2011-14 Corporate Plan Departmental Objective: Capital Projects

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; from the completion of the Dutch Galleries through to the Great Gallery. *Championed by the Director.*

The Refurbishment of East Galleries I, II and III was finished on programme and on budget. The refurbishments were externally funded by the generous support of several donors including the Monument Trust, the Fidelity Foundation, and the DCMS/Wolfson Museums and Galleries Improvement Fund.

The ceilings of the galleries have been re-built, to remove the lowered ceiling introduced in the 1970s and to return the rooms to the height intended by Sir Richard Wallace, also allowing the re-introduction of natural light. The walls have been re-hung in blue silk.

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The Wallace Collection's collection of Dutch pictures is the finest museum collection in the United Kingdom after that of the National Gallery. The new display broadly retains the theme of each Gallery from the old display, but with a fresh approach to the arrangement of the paintings. The furniture in the newly-refurbished galleries has been planned to show the evolution of Boulle-style furniture and to demonstrate the continuing popularity of André-Charles Boulle's furniture from the 1690s to the 1790s. It also demonstrates the taste in eighteenth-century France for showing this type of furniture with Dutch and Flemish pictures.

The East Mansard extension has also been completed on budget and was completed at the same time as the East Galleries refurbishments. The space is now ready for the art storage system to be installed later this year, in preparation for the Great Gallery refurbishment.

The East Drawing Room project is now underway. A walkway has been created through the space; to provide a route from the Landing through to the East Galleries for most of the works. The refurbishment is expected to take a little over four months with the gallery opening to the public in August 2012.

Drawings for the Great Gallery project have been submitted to Westminster City Council for our application for Planning Permission and Listed Building Consent. Representatives from each Westminster and English Heritage visited the Collection at the beginning of May. In addition, we held a well-attended consultation meeting with local residents and businesses who were generally supportive of the scheme and, in the majority, were complimentary on how little they were disrupted during the East Galleries build. We have also held separate meetings with Durrants Hotel to ensure they are fully briefed about the project.

The Collections Department

2011-14 Corporate Plan Departmental Objective: Scholarship

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

Championed by the Collections and Academic Director.

The Wallace Collection: The Complete Digital Catalogue of European Arms and Armour was published in February 2012 and almost immediately received a major accolade, winning the Association of Cultural Enterprises' award for the best new museum publication. A major factor in the judges' decision was the innovative use of new technology in the catalogue, which means that it is able to offer 14,000 digital images and over 500,000 words of catalogue text. *The Masterpieces of European Arms and Armour* associated illustrated picture book was published in October has also been a popular publication in its own right.

The Wallace Collection: Catalogue of Glass and Limoges Painted Enamels was also published in October and again received very positive press and is a Catalogue that the

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Collection can be proud of and which will be the definitive publication of this part of the Collection for many decades to come.

The *Founders of the Wallace Collection* was reprinted and has proven both useful and popular, as has the newly commissioned Director's Choice publication. The *Summary Catalogue of Pictures* is now back in print together with The Wallace Collection's *Childrens' Guide*. Final amendments are being made to the text for the *Catalogue of Gold Boxes in the Wallace Collection*, which will then be sent for design.

The catalogue for *The Noble Art of the Sword: Fashion and Fencing in Renaissance Europe 1520-1630* exhibition with contributing essays from a range of authors, was published to coincide with the opening of the exhibition, and has been selling well. This catalogue has been well received, with very positive reviews in many important publications and periodicals, including *The Times*, *The Telegraph*, *The Museums Journal* and *The Burlington Magazine*. An associated iBook, *Queen of Weapons*, made in collaboration between the Wallace Collection and ArtFinder, has been launched and can be downloaded for free on iTunes (<http://bit.ly/JBMzS4>).

Mr Peter Marino has very generously agreed to pay for the publication of the papers of the important international conference held during the 2010 exhibition of bronzes from his collection. This collection of ten essays will be published later in 2012-13.

The main focus of recent work on the Oriental Arms and Armour cataloguing, has been the identification of gemstones, carried out principally by external experts. We are now, with the assistance of two specialists in Indian languages and in Persian, the process of transcribing and translating the hundreds of inscriptions on weapons and armour in the Collection.

Wallace Collection curators have also published extensively in various academic journals during the year.

For educational activities see the Education Department below.

The Curatorial Department

The curatorial staff are responsible for the care, display and research of the Collection. They offer their scholarly expertise, they research and publish on the works of art and they enable the public to understand and enjoy them more. Curators represent the Collection on outside bodies and are called on to act as expert advisers for Acceptance-in-Lieu cases, private treaty sale or export licence applications. Curators continued to teach on the joint Wallace Collection MA course with Buckingham University on Historic Interiors and the Decorative Arts. The Department also offers advice to the National Heritage Memorial Fund and organises monthly History of Collecting seminars which continue to be well attended by the wider museum and academic community, establishing the Wallace Collection as an acknowledged centre for the study of the history of collecting, in particular collecting in London and Paris during the 18th and 19th centuries.

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With the East Galleries now open, the department's attention has turned to planning for the closure and decant of the Great Gallery this Autumn, prior to its refurbishment. An agreed schedule has been drawn up of key works of art which are priorities to remain on display, and which will be integrated into the displays elsewhere in the Collection. It has been decided to concentrate works from the Great Gallery into a small number of galleries, in particular the West Room, Large Drawing Room, Sixteenth-Century Gallery and the Dining Room. Displaced works of art from these rooms and secondary objects from the Great Gallery will be stored, in the Reserve Gallery and in European Armoury III, which will be closed for the duration of the refurbishment.

The Museum Network with the Holburne Museum, Bath, Waddesdon Manor, Buckinghamshire, the Bowes Museum, County Durham and Compton Verney, Warwickshire continues to evolve with the Director recently meeting with the other Directors of the Regional Partners, and they are in the process of discussing the future direction of the Network.

The Conservation Department

Furniture and Metalwork conservation takes place in-house, and other materials are treated by external conservators.

In-house conservation has largely been concerned with preparing works of art for photography for catalogues or for display in the new galleries, as well as conducting a number of Condition Surveys.

Major works conserved in the year have included the *Bust of Christ* by Pietro Torrigiano (S7) and *An Allegory of Fruitfulness* by Jacob Jordaens (P120).

The department has been heavily involved throughout the year in the object moves for the various room refurbishments and the Collection's major summer exhibition *The Noble Art of the Sword*, and the accompanying Conservation Gallery display *Making the Renaissance Sword*.

Despite this heavy commitment, however, the work of object number-marking, renewing ISIS security-alarm tags on paintings and small works of art, and monitoring and assessing the Collection's environmental parameters, as well as pursuing all the normal duties of collection care, has been maintained. The Department has also organised the installation of new light-filter film to gallery windows to improve UV protection.

The Reynolds Research Project

All twelve paintings have now undergone preliminary technical examination. The *Duke of Queensberry* (P561) and *Miss Jane Bowles* (P36) returned to the National Gallery at the end of March so that treatment can commence, as agreed by the Steering Committee for the project at its last full meeting.

The National Gallery Technical Bulletin in 2014 will be a special edition devoted to Reynolds, complementing the broader catalogue which will be published for the exhibition on the Wallace Collection's paintings by Reynolds planned for the conclusion of the

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project. The Bulletin is a very exciting development, which will provide an exceptional platform for the technical research undertaken during the Wallace Collection Reynolds Research Project.

In May 2012 cleaning tests were begun on the portraits of *Miss Jane Bowles* (P36) and *The Duke of Queensberry* (P561) to investigate the feasibility of removing the varnish layers on these paintings. The cleaning tests on both paintings produced encouraging results. These tests were discussed with members of the Advisory Committee at an interim meeting held at the National Gallery. It was decided that, considering the good results of the initial cleaning tests, the cleaning should continue.

The portrait of *Prince Balthasar Carlos in Black and Silver* (P4), from the studio of Velazquez and according to tradition restored by Sir Joshua Reynolds, will be the final painting from Wallace Collection Reynolds project to undergo tests at the National Gallery Conservation and Scientific Departments. Analysis will begin in July 2012.

The Education Department

Schools' Programmes

In addition to the usual schools visits and schools projects, we have continued to work with the children of St Vincent's Primary School, and have developed a young curators programme. The pupils have chosen objects to incorporate into their tours of the Collection. Popular Secondary School sessions included *Naked Bodies, Inspiration for Creative Writing* and a new workshop run in conjunction with the National Theatre, *Battling with Shakespeare*.

Children and Families

The department continues to run many Children and Family activities with the annual Eighteenth-century day continuing to be our most popular family event. This year we completed an excellent film, available on the Collection website, of the Eighteenth-century day highlighting the activities and our family offering.

Community and Access Programme

Community activities have continued to be a strong part of our programme, with highlights including our sessions for Homeless art classes, Sensation, Deaf Visions and Out of the Frame. This year also saw the commencement of the HLF-funded intergeneration project surrounding the new Dutch Galleries. Our new audience development officer has recruited over 60 participants from Newham Family Learning Services, West Hampstead Asian Women's Group and Aaina Women's Group. The participants will work together with museum staff over the next year to create their own artwork in response to the museum's collection of Dutch Art.

Students and Public Programmes

In addition to our two joint MA programmes, see the Curatorial Department above, regular tours of the Collection and our exhibitions continue, as well as study days, a guest lecturer series, and handling sessions – as well as at least one free lecture a day (given by each curator once a month or by our guide lecturers).

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Exhibitions

The year began with *Esprit et Vérité: Watteau and His Circle* (March to June 2011) which in fact encompassed two exhibitions, *Antoine Watteau at the Wallace Collection* and *Jean de Jullienne – Collector and Connoisseur*.

The first displayed the Wallace Collection's eight Watteau paintings together with loans from Sir John Soane's Museum and the City Art Gallery, York. It was designed partly to complement the exhibition of Watteau drawings at the Royal Academy. The second focused on one of the greatest French collectors of the eighteenth century and a close friend and patron of Watteau. Loans were from many collections, including the Royal Collection, the National Gallery, the National Trust, the National Gallery of Scotland and the Duke of Buccleuch. Both exhibitions generated huge interest in the press and enjoyed healthy visitor numbers.

Time Regained, comprising work by the Collection's second Associate Artist, the Artist-Goldsmith Dr Kevin Coates, opened on 23 June and ended on 25 September 2011. It featured twelve new works by Dr Coates inspired by objects in the Wallace Collection, as well as a retrospective selection of sixty pieces produced earlier in his career. Lenders included the Victoria and Albert Museum, the Scottish National Museums, the Silver Trust (on behalf of 10 Downing Street), and the Goldsmiths' Company, as well as many private collectors. Visitor numbers were 19,678 – a very respectable figure for an exhibition of contemporary decorative art, and many complimentary comments on the exhibition were received by the artist and the Wallace Collection.

Our exhibition of works of art made by members of the Wallace Collection's staff, *Hidden Talents: The Creative Skills of the Wallace Collection's Staff*, ran from 8 March to 15 April 2012. Twenty-six members of staff contributed a wide range of objects from paintings and drawings to jewellery and conceptual art. The exhibition was much appreciated by those who took part and was well received by the public.

Our next exhibition, *The Noble Art of the Sword: Fashion and Fencing in Renaissance Europe*, opened on 17 May 2012 (closes 16 September). This has been, in terms of cost and staff involvement, the most ambitious exhibition we have held since the current exhibition programme was inaugurated in 2000.

Intended to complement the Olympics and featuring major loans from Vienna, Dresden, Glasgow, the Royal Armouries and the Victoria & Albert Museum, it also highlights the outstanding array of swords owned by the Wallace Collection and the collection of fencing manuals owned by a Howard de Walden family trust, on long-term loan to the Wallace Collection since 2001. A wide range of associated activities accompanies the exhibition.

It is complemented in our Conservation Gallery by a fascinating display on sword making, *Making the Renaissance Sword*, sponsored by Peter Finer.

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Other Special Displays

A display in the Porphyry Court featuring a very beautiful terracotta model by Antonio Canova for his statue of *Hebe*, now at Chatsworth, ran until 16 April 2012. The model, on loan from a private collection was shown with other complementary works of art from the Wallace Collection, including the *Borghese Dancers* relief (S155) and a bronze figure of the Emperor Napoleon by Francesco Righetti after Canova (S231).

The Collection Services Department

In addition to its work on Museum Plus, Wallace Live, in the Library, the cataloguing of the Archives and photography, which has now begun on the Oriental arms and armour collection, and print sales, the department, has worked on a number of new media projects during the year. All data and images have now been submitted to the Public Catalogue Foundation for inclusion on the BBC's *Your Paintings* website. The iBook app, *Queen of Weapons*, to coincide with the *Noble Art of the Sword* exhibition and made in collaboration between the Wallace Collection and ArtFinder, has been launched, and two new Insight Tours for Wallace Live have been written, on Medieval and Renaissance Treasures and the life of Sir Richard Wallace. We hope the two tours will enable some of the less well known works of art, from both the main collection and the Hertford House Historic Collection, to be highlighted.

Library and Archives

The summer break in the academic year provided an important opportunity for a number of library projects to be completed. In particular, the transfer of over 80m of sale catalogues to the annex in the vault of St. James's Catholic Church in George Street was completed in August. This move has enabled us to free up invaluable space in the large archive room for the Claude Blair Archive and for future acquisitions.

Throughout the year the team have also been engaged in a series of major book moves to coincide with the office changes on the Second floor of Hertford House. These moves have also enabled us to reunite some of the split subject sequences that have been in place since 2004. The retrospective book cataloguing project continues, while cataloguing of new acquisitions has been kept up to date.

Wifi has been installed in the library, which has enabled us to provide a better level of service to our researchers and to users of the Meeting Room.

The Development and Marketing Department

2011-14 Corporate Plan Departmental Objective: Excellence and Public Face

To improve visitor understanding and appreciation of the Collection, and their experience as a whole, by presenting the Collection across all media in the best possible way. In particular managing the communications around the closure of the Great Gallery for refurbishment. *Championed by the Development and Marketing Director.*

The redesigned Front Entrance, Shop and Cloakroom, now in their third year, have again helped to generate positive retail results, detailed below, reflecting the positive

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improvement in the spaces, together with proactive and engaged staff helping to promote the Collection to the visitor. The key challenges of this objective however will be faced with the Great Gallery closure from 2012 onwards.

For the technological opportunities and the ways in which we are broadening our connections and communications with the public, see below.

2011-14 Corporate Plan Departmental Objective: 2012 Olympics and The Noble Art of the Sword Exhibition

To celebrate the 2012 Olympics by presenting an exhibition on *The Noble Art of the Sword* and related activities; maximising visitors and revenues during this period.
Championed by the Development and Marketing Director.

The department's other objective whilst focused around 2012 has involved much preparation in 2011-12. The successful launch of the *Noble Art of the Sword* exhibition has now been achieved, with significant positive press coverage as noted below. The related activities programme includes study days, talks and demonstrations and even a mini-opera performance of *Il Combattimento di Tancredi e Clorinda*, by Monteverdi.

Visitors

2011-12 has been a phenomenal year in terms of visitor figures - at 399,312, our highest since the opening of the Museum. This represents a 12% increase on last year and a 14% increase on target. Awareness of campaigns has increased and a good spread of press coverage keeps the Wallace Collection at the forefront of visitors' minds as a potential destination.

Marketing, Press and Public Relations

We have been successful in attracting a diverse range of press on both the general collection and specific exhibitions and projects, in both the domestic and international press. This coverage keeps interest in the Collection fresh, and encourages repeat visits.

In particular, given that it is notoriously difficult to acquire coverage on new galleries due to the limitations of long lead deadlines and their requirements for images before galleries are complete we were delighted to be the cover feature of the April 2012 issue of *Apollo Magazine* with an article about the newly refurbished Dutch Galleries and hang.

Further positive coverage has been achieved on the many new Publications noted above including pieces in *The Sunday Times*, *Country Life*, *The Burlington Magazine* and *Apollo*. Recent press coverage around the opening of *Noble Art of the Sword* exhibition has been similarly excellent with pieces in *The Times* and *The Telegraph*.

Continuing the effective three pronged campaign from 2010-11, 2011-12 focused on *A Cavalier Attitude to Art is not a Laughing Matter*, *Discover the Treasures at the end of the Rainbow* and most recently, *Tempted*. These campaigns were rolled out across leaflets, advertisements and the tube for maximum exposure within budgetary constraints.

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Advertisements have also been placed across a range of different publications to attract a spectrum of culturally engaged audiences – political (*The Spectator*, *The New Statesman*, *Prospect*); Arts (*Apollo*, theatre and opera programmes); consumer (*The National Trust*) and family (*Time for Kids*, local press).

Our engagement with the public on *Twitter* and *Facebook* is particularly pronounced. Both are excellent tools for quick updates and to converse with our followers and linked to these new media channels we have recently begun work to create behind-the-scenes films, providing interesting content for our website visitors and furnishing them with wonderful tools for word of mouth recommendations.

Income Generation

Fundraising

Despite the challenging economic climate, fundraising was again excellent in 2011-12. The Collection is as always extremely grateful to all its supporters for their contributions. Visitors to the Collection give generously through the donation boxes which have seen a positive increase in donations since the refurbishment; trusts and foundations support many projects; individuals are members of our ever-growing membership scheme *Heroes and Heroines* and our Corporate Membership goes from strength to strength. The International Council is doing excellent work in recruiting new *Heroes and Heroines*. Capital fundraising has also achieved some excellent major pledges from the Hertford House Trust, the HLF and generous donations from a number of anonymous supporters. This has allowed us to press ahead with the next phase of Gallery refurbishments.

Corporate Events Hire

The Wallace Collection continues to be considered a prestigious venue to hire, and the Events team have had an excellent year, exceeding their targets with 101 events held during the year (2010-11: 87) with 15 private parties and 86 corporate events. Bookings and lead times seem to be returning to pre-credit crunch levels. The department continue to work hard to market the Wallace Collection as a magnificent and special place to hold corporate and private events. Maintaining revenues through the closure of the Great Gallery will be a significant challenge, and the Collection is already working hard to highlight the opportunities afforded by the re-hang of the masterworks of the Collection to other galleries and spaces.

Retail and Visitor Services

Retail turnover, in the second full year of the new spaces, was 19% over budget – this was obviously helped by the record visitor numbers – however with spend per customer also up on budget, this was a very successful year for the shop. Online and mail order sales have also grown significantly, following investment in these areas.

The Wallace Restaurant

The contract to run the restaurant was awarded to Peyton and Byrne in 2006, and the restaurant maintains the feel of an elegant, airy, courtyard, destination restaurant with a French character. Reviews of the Wallace Restaurant have been good, and this is reflected in an increased number of patrons, however there are problems with the quality of the

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service which need to be addressed. Peyton and Byrne pays the Wallace Collection a percentage of turnover, with a guaranteed minimum. The income from this source remains competitive:

2011-12	£164,157
2010-11	£156,653
2009-10	£160,639

The Finance and Operations Department

2011-14 Corporate Plan Departmental Objective: Housekeeping and Efficiency

To improve working practices, efficiency and effectiveness throughout the Wallace Collection. This will encompass archiving, IT practices, filing, streamlining record keeping and improving energy efficiency. *Championed by the Finance and Operations Director.*

The Collections Services department, as noted above, is already making great strides in improving archiving and storage, and the IT department are now looking to similar methodologies to improve electronic filing practices. The Facilities department is looking closely at energy efficiency, both in conjunction with the ongoing capital projects and wider working practices.

Finance

The small team not only manages all of the financial activities and controls in the Collection, including the management accounting and budgeting, they also liaise with the DCMS, the Audit Committee, the National Audit Office and other external auditors. They are required to oversee all capital building projects, all contracts, and income and expenditure.

The Facilities Department

The Department ensures that Hertford House remains wind and water tight, thereby minimising the risk to the collections. This is achieved by the day-to-day maintenance of the building and by managing the mechanical and engineering required to provide the works of art with the correct environment. In addition to involvement with the Projects Team in the gallery refurbishments, the Department has managed other building works including replacing the boilers and upgrading the building's environmental monitoring system – both of these projects have already resulted in energy expenditure efficiencies which should continue year on year.

Facilities also have responsibility for the ICT infrastructure within the Wallace Collection which is currently undergoing a review in order to identify how best to utilise limited resources to support the other Collection departments in their IT needs.

One example of this is the new printer and photocopier roll out in the year. By the use of multi-functional devices and changes in staff working practices it is estimated the Collection should achieve significant cash and energy savings each year.

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The office moves mentioned earlier have been a major undertaking in the year, but have also helped to streamline some working practices and helped to identify where new equipment, particularly IT equipment, can help improve efficiency.

Utility cost increases have placed pressure on limited budgets, but these have been mitigated where possible by using collaborative procurement arrangements.

The Security Department

The Security Department includes both the team of security staff that provide 24/7 security cover for the Collection plus the gallery teams that work within the galleries during opening hours. The external risks that impact upon the security of the Collection are monitored, with policies and procedures updated accordingly to minimise the risk of loss or damage to the collections.

In particular the twin pressures on London of the Olympics and Queen's Diamond Jubilee have involved careful planning to ensure continued staffing of the Collection.

Improvements continue to be made to technological and physical security, primarily to take advantage of the opportunities afforded by the gallery refurbishment programme, thereby ensuring a more robust security position.

The training programme put in place for both the security and gallery teams has continued to evolve and ensures that the Collection's staff can both support the visitor and secure the works of art. Thanks to the commitment and dedication of our staff gallery closures have been kept to a minimum during the year.

Human Resources

As with every year, the Personnel Manager has had to keep on top of six monthly changes in employment law, plus assisting managers in all aspects of personnel management, and overseeing staff recruitment. He oversees the welfare and personnel issues of approximately 100 staff. The implementation and roll out of electronic personnel management software in the past year has greatly improved efficiency and record keeping.

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Financial Review

Financial results

Net incoming resources in the year amounted to £512,000 (2010-11 – £519,000). This operating surplus is primarily a result of a successful year of self-generated income. The underlying deficit on a standard income and expenditure account, after adjusting for capital items, was £756k (2010-11: £143k) and reflects the significant capitalisation of the completed Phase IV project. This is in line with expectations.

During the year the Collection capitalised costs totalling £2,283,000 (2010-11 – £1,386,000) as assets under construction, which attract no depreciation charge, in relation to the Phase IV Gallery refurbishments and other ongoing capital projects. However, upon completion of the project the Collection transferred £2,953,000 of Assets under Construction to Land and Buildings and Fixtures and Fittings with the completion of Phase IV.

The key financial risks to the Collection continue to be the ongoing security of income streams, from both Grant-in-aid and self generated sources (in particular in the current economic climate) and the costs of the ambitious Gallery refurbishments in light of the relatively high fixed costs of maintaining and opening the Collection to the public.

The main features of the financial results were:

- (a) Grant-in-Aid income for the year was £2,983,000 (2010-11: £4,212,000). This includes £259k awarded towards capital improvements to Hertford House, (2010-11 £1.4m) and represents 45% of the Collection's total income for the year (2010-11 63%);
- (b) Fund raising expenditure amounted to £148,000 (2010-11: £143,000). The increase is more than offset by the greatly increased fundraising income in the year, and is a result of additional spend to help secure these revenues;
- (c) Marketing and design expenditure amounted to £278,000 (2010-11: £291,000). Whilst there remains a continued focus on the ongoing advertising strategy which has been instrumental in increasing awareness and visitors to the Collection, the fall in Grant-in-Aid has necessitated reductions to most budgets;
- (d) Trading costs relating to the wholly owned subsidiary, Hertford House Marketing Ltd amounted to £871,000 (2010-11: £877,000). The fall is in line with the reductions to most budgets. Overall income from trading activities increased due to improved gallery hire and retail revenues;
- (e) Conservation expenditure amounted to £323,000 (2010-11: £304,000). Incorporating a full year of the Reynolds Conservation Project;
- (f) Collection expenditure amounted to £1,096,000 (2010-11: £1,500,000). The decrease is in part due to the fall in Grant-in-Aid necessitating reductions to budgets and in part

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the publications costs of the last couple of years being realised in the stock with the publication of so many major volumes;

- (g) Security expenditure in 2011-12 was £1,297,000 (2010-11: £1,331,000). Savings, needed due to the reduced Grant-in-Aid were found as a result of the enforced pay freeze and by reducing the need for external absence cover;
- (h) Building and maintenance expenditure (other than the charge for depreciation) amounted to £1,252,000 (2010-11: £957,000) and was in line with expectations, the increase relating to higher utility costs, the new boiler, and some non-capitalised project costs;
- (i) Other than the charitable donation from Hertford House Marketing Limited to its parent organisation, the Wallace Collection, there were no charitable donations made in the year.

Reserves policy

The policy of the Wallace Collection had previously been to seek to establish, and then maintain, a level of unrestricted reserves of over £500,000 to provide adequate working capital to ensure that the Collection can operate efficiently and effectively and also to sustain its level of activities by providing some protection against an unexpected down turn in revenue. However, with the loss of the end of year flexibility mechanism to enable the utilisation of such reserves this has been adjusted and the Collection will seek to establish, and then maintain, a level of unrestricted reserves of £350,000 to provide adequate working capital.

At 31 March 2012, the Collection has unrestricted reserves of £435,000, which is a result of self-generated surpluses in the year, reduced by permissible use of reserves. The Trustees recognise the difficulties that the Collection faces in the coming years with reductions in core funding and a challenging global financial environment and as such the reserves policy will be reviewed on a regular basis.

Fixed assets

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

- Freehold Land and Buildings were re-valued by reference to appropriate indices at 31 March 2012 to £36,308,000. This contributed to an overall fixed assets revaluation increase of £310,000 in 2011-12;
- Total additions during the year amounted to £2,421,000, which primarily related to capital expenditure on the gallery refurbishments;
- The Collection's depreciation charge for the year is £852,000. The building is depreciated over an expected remaining life of 94 years. It is, nevertheless, the Trustees' intention to continue to maintain and improve Hertford House, subject to the availability of adequate funding.

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Payment of creditors

During 2011-12 the Wallace Collection paid 88% of undisputed creditors within 30 days of receipt of an invoice (2010-11: 89%).

Performance

In addition to financial measures the Collection, also continue to monitor performance against some key performance indicators, agreed with its sponsor body the DCMS detailed below:

		2011-12 (£)	2010-11 (£)
Key Performance Indicators:			
	Number of visits to the museum	399,913	357,538
	Charitable giving (fundraising)	2,023,000	931,000
Other Performance Indicators:			
Access			
	Number of unique website visits	357,967	305,609
Audience Profile			
	Number of visits by children under 16	24,172	26,547
	Number of overseas visits	127,780	128,714
Learning			
	Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education.	12,009	12,803
	Number of instances of visitors under 18 participating in on site organised activities.	11,748	12,403
Visitor satisfaction			
	% of visitors who would recommend a visit	98	98
Self generated income			
	Trading income (net profit)	564,181	490,103

Sources of data

The Collection measures against these and other performance indicators and returns this data to the DCMS periodically.

Visitor numbers are collected through an electronic counting device at the only visitor entrance. Child visits are collected by a manual counting system and cross-checked against occasional CCTV evidence. Education numbers are kept automatically by the Education department for the sessions that they run. The website automatically registers the number of visitors to our site. Net income from trading is taken directly from the accounts of our trading company, Hertford House Marketing Limited. All of these sources help the Collection to monitor and report on its performance to the DCMS.

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

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

Preparation of the Accounts

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992. The accounts are compliant with the Charities SORP 2005, the Charities Act 2011 and with Charity Commission guidance.

The consolidated accounts are for the Wallace Collection and Hertford House Marketing Limited; they exclude the accounts for the Hertford House Trust, as this is an entirely separate organisation over which the Wallace Collection exercises no control.

Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Collection's consolidated accounts for the year 2011-12. The audit fee in respect of this work was £17,900. Other than the statutory audits of the Wallace Collection and Hertford House Marketing Limited, and an internal audit service, no other accountancy or audit services were commissioned or undertaken in the year. External auditors are engaged for the trading subsidiary audit and internal audit services.

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

Staff and organisation

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

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Sickness Absence

Sickness absence accounted for 4.2% of all staff time during 2011-12 (2010-11: 4.6%), or 10.5 days per staff member (2010-11: 11.7 days), however this includes (and is therefore skewed by) those staff members off on long-term sick leave. When these are excluded, the remaining staff absence accounted for 1.8% of staff time (2010-11: 1.7%), which equates to 4.7 days per staff member (2010-11: 4.3 days).

Remuneration Report

Salary Policy

The Audit Committee (see Annex A) serves as the Remuneration Committee. All staff are employed through the Wallace Collection on equal terms and conditions, including trading company staff. Salaries are reviewed on an annual basis, and uplifted at the start of the financial year. The amount that can be spent on salaries is set each year by the Department for Culture, Media and Sport and HM Treasury with 2011-12 being the second year of a two year centrally imposed pay-freeze on all staff earning more than £21,000p.a. with a £250 uplift for those earning less than this.

All staff are positioned within pay bands. No allowances are in payment, other than standard overtime amounts. The figures in the remuneration report are subject to audit.

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

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

Pay Multiples Comparison (as required by the Hutton report)

Directors annual pay	£85,000
Median total earning	£18,729
Ratio	4.54

Benefits in Kind

Benefits in kind, as agreed with HM Revenues and Customs, comprise annual eye tests, annual flu inoculations, and staff uniforms where appropriate. The taxable value of these benefits each year, as agreed with HMRC, is minimal. There were no other benefit-in-kind or non-cash payments in year.

Performance Management

Performance is formally appraised annually, although ongoing performance management is encouraged. Performance is judged by reference to achievements against set objectives. Performance related pay is not in operation. Bonuses, from a small overall fund, are awarded at the discretion of the Director following recommendations from line managers.

Policy on duration of contracts, notice periods and termination payments

Notice periods for senior employees are usually three months, with one month for other employees. Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where new posts are being considered they are usually made on a fixed-term basis. The length of term is usually two years, unless tied to specific

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funding or a project of shorter length. Positions are then only made permanent once the ongoing need, and the funding for the post, is agreed.

Senior Management Emoluments

	Salary 2011/12 (2010/11)	Performance related pay and bonuses 2011/12 (2010/11)	Real increase in pension and related lump sum at pension age	Total accrued pension at pension age at 31/3/12 and related lump sum	Cash Equivalent Transfer Value at 31/3/11 ¹	Cash Equivalent Transfer Value at 31/3/12 ¹	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£k	£k	£k	£k	Nearest £k	Nearest £k	Nearest £k
Dame Rosalind Savill <i>Director</i> (until 31 October 2011)	65-70 full year equivalent: 110-115 (105-110)	35-40 (15-20)	0-2.5 plus 0-2.5 lump sum	50-55 plus 160-165 lump sum	1,148	1,222	3
Christoph Vogtherr <i>Director</i> (from 24 October 2011)	35-40 full year equivalent: 80-85	–	0-2.5	5-10	30	40	5
Clare O'Brien <i>Development and Marketing Director</i>	60-65 (60-65)	– (0-2.5)	0-2.5 plus 0-2.5 lump sum	5-10 plus 20-25 lump sum	124	141	6
Jeremy Warren ² <i>Collections and Academic Director</i>	60-65 (60-65)	– (–)	Decrease ² of 0-2.5 less 0-2.5 lump sum	20-25 plus 35-40 lump sum	416	447	Decrease ² of 6
Philip Walsh <i>Finance and Operations Director</i>	55-60 (55-60)	0-2.5 (–)	0-2.5	5-10	50	61	5

¹ The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's annual report which was calculated using the previous factors.

² Taking account of inflation, the contribution from the employer has decreased in real terms.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also

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include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pensions

All Wallace Collection employees are eligible to join the Principal Civil Service Pension Schemes set out below. Further pension details are set out in note 6 to the accounts.

From 30 July 2007, employees may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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 hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated 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.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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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**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>.

The Director

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

Dame Rosalind Savill retired from the Collection on 31 October 2011, and up to this date received remuneration of £104,169 (2010-11: £126,171) including performance related pay, ordinarily paid a year in arrears, in respect of two years: 2010-11 and 2011-12. The Collection's contribution in respect of her pension (classic) was £15,790 (2010-11: £26,680).

Dr. Christoph Vogtherr was appointed Director on 24 October 2011 and received remuneration from this date of £37,371. The Collection's contribution in respect of his pension (nuvos) from this date was £8,916. Neither the Director, nor any other member of staff, received any benefits-in-kind in year.

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

Trustees

Trustees receive no remuneration for carrying out their role.

.....
Dr. Christoph Vogtherr 9 July 2012
Director and Accounting Officer

.....
Sir John Ritblat 9 July 2012
Chairman

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Annex A – Trustees

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

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

Board Member	Appointed	Further notes	Attendance
Sir John Ritblat	August 2003	Chairman from January 2005	4/4
Martin Drury CBE	May 2001	Term expired May 2011	1/1
Dr Richard Dorment	July 2003	–	3/4
Sir Timothy Clifford	August 2003	Term expired July 2011	2/2
Mr Adrian Sassoon	August 2007	–	3/4
Duke of Devonshire	August 2007	–	3/4
Professor Jasper Conran OBE	August 2007	–	1/4
Ms Jagdip Jagpal*	August 2007	–	2/4 (1/4)
Ms Denise Lewis	October 2010	–	3/4
Professor Frances Corner OBE*	October 2010	–	3/4 (4/4)

* Denotes members of the Audit Committee during the year (attendance in brackets)

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

Mrs Jane Lewis – appointed January 1998
Mr Pierre Arizzoli-Clementel – appointed August 2007
The Marquess of Hertford – appointed July 2008

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

The Directors of Hertford House Marketing Limited during the year were:

Sir John Ritblat
Dame Rosalind Savill DBE CBE FBA FSA (resigned 31 October 2011)
Dr. Christoph Vogtherr (appointed 24 October 2011)

Principal Officers of the Wallace Collection

Dr. Christoph Vogtherr – Director (appointed 24 October 2011)
Dame Rosalind Savill – Director (retired 31 October 2011)
Mr Jeremy Warren FSA – Director of Collections and Academic
Mr Philip Walsh ACA – Director of Finance and Operations
Ms Clare O'Brien – Director of Development and Marketing

Bankers:

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

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Auditors:

The Wallace Collection
(Consolidated Accounts)

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
London SW1W 9SP

Hertford House Marketing Limited
(Trading Company)

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

Annex B – Wallace Collection Supporters 2011-12

Individuals

Anonymous
Mr Jean Bonna
Pete Czernin
Manny and Brigitta Davidson and family
Peter Finer – Fine Antique Arms and
Armour
Mrs Katrin Henkel
Sir John Ritblat and Family
The Weston Family

Heroes and Heroines

Benefactors

Ms Nada Bayoud
The Deborah Loeb Brice Foundation
Dame Vivien Duffield
Hon Simon Eccles
Whitney and Elizabeth MacMillan
Daniel and Elizabeth Peltz
Pamela Roditi
Adrian Sassoon
Carolyn Townsend
Arend Versteegh
Cecilia Versteegh

Patrons

Lady Alexander of Weedon
Catherine Armitage
Mr and Mrs Charles H. Brown
Peter and Sally Cadbury
Cynthia Colman
Oliver Colman
Mrs M. David-Weill
Kate de Rothschild Agius
Mr and Mrs Richard Dorment
Lord and Lady Douro
Nicholas and Gillian Eeley
Lt. Cdr. Paul Fletcher
Sam Fogg
Angela Gräfin von Wallwitz
Mrs Helene Gross
Nancy L. and William P. Hallman, Jr
Mrs Katrin Henkel
Lady Heseltine

Joanna Hewitt
Hugh Hudson-Davies
Russell and Irina Jacobs
James and Clare Kirkman
David Kogan
Marie-Josée and Henry Kravis
Denise Lewis
Mark and Liza Loveday
Jennifer Montagu
Mr and Mrs Nadar
Jim and Debbie Norling
Jean and John Northover
Roslyn Packer AO
The Lord and Lady Phillimore
Charles and Caroline Pridgeon
Jean and Cactus Raazi
Broocks Roberson
Mrs Wafic Saïd
Sir David and Lady Sieff
Bruno Wang
Rebecca Wang
Alan and Sue Warner
Patricia Wengraf
Mr Pierre & Dr Yvonne Winkler
Mr and Mrs Rainer Zietz

Companions

Janice and David Blackburn
Viscountess Bridgeman, The Bridgeman
Art Library
Charles Cator
Lord Cholmondeley
Giles Ellwood
Christophe Gailly de Taurines
Della Howard
Norman A. Kurland & Deborah A. David
Miss Laura Lindsay
In memory of the late A V B Nick Norman
Matthew Olley
Christylle Phillips
Rebecca Ritblat
Lord Sassoon
Timothy and Ellen Schroder
Charles Sebag-Montefiore

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Torsten Thiele

Dr Lady Tunnicliffe

Trusts and Foundations

Anonymous

The Armourers and Brasiers' Gauntlet Trust

The Blunt Trust

Excel Fund

The Goldsmiths' Company

The Worshipful Company of Grocers

The Heritage Lottery Fund

The Hertford House Trust

The Matthew Hodder Charitable Trust

The Rootstein Hopkins Foundation

The Kirby Laing Foundation

The Leche Trust

The Leverhulme Trust

The Paul Mellon Centre for Studies in British Art

The Monument Trust

The Ofenheim Charitable Trust

The Radcliffe Trust

The William Arthur Rudd Memorial Trust

The Garfield Weston Foundation

The Barbara Whatmore Charitable Trust

The Wolfson Foundation

Bank of London and the Middle East

Fortius Clinic

Maitland

Selfridges

URENCO

Other generous supporters

Department for Culture, Media and Sport

Farrow and Ball

Masterpiece London

NADFAS

Bequests

Dr Clive Upjohn FRCP

Corporate Members

Anonymous

Boston Consulting Group

Colliers International

Delancey

European Credit Management Ltd.

LA-SER Europe Ltd.

London Platinum and Palladium Market

Pentland Group plc

The Portman Estate

Total

Willmott Dixon Construction Ltd

The Blackstone Group

HSBC Holdings Plc

Generation Investment Management

Knight Frank

Statement of Trustees' and Accounting Officer's Responsibilities

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

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

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

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Collection. 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 the Treasury and published in Managing Public Money.

.....
Dr. Christoph Vogtherr
Director and Accounting Officer

9 July 2012

.....
Sir John Ritblat
Chairman

9 July 2012

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

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Governance Statement

As noted above, the Wallace Collection is governed by a Declaration of Trust dated 27 July 1899, and the Museums and Galleries Act 1992. The Wallace Collection is a non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (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.

The Wallace Collection is governed by a Board of Trustees answerable to the Secretary of State for Culture, Olympics, Media and Sport. The Minister is, in turn, answerable to Parliament. The Director of the Wallace Collection is accountable both to the Board as Chief Executive and to the DCMS permanent secretary (as DCMS accounting officer) as Accounting Officer. Further detail is given in the Statement of Trustees' and Accounting Officer's Responsibilities above.

The Board of Trustees

The Board of Trustees of the Wallace Collection is responsible for the overall management and direction of the Wallace Collection. The Director of the Wallace Collection is responsible to the Board of Trustees and is accountable to the DCMS permanent secretary for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is generally concerned with policy and strategy, leaving operational issues to the Director. The Board is chiefly responsible for:

- The setting of key strategic objectives;
- Reviewing overall performance;
- Appointing the Director (in consultation with the Prime Minister);
- Endorsing appointments to key management positions;
- Considering the remuneration of senior staff

The only formal Trustee sub-committee is the Audit Committee. The Board of Trustees meets not less than four times a year, as does the Audit Committee and details of attendance are shown at Annex A. The Audit Committee, together with the Chairman, fulfil the role of a Remuneration Committee. Other Committees on which Trustees are invited to attend included the Merchandising Committee and the International Council (concerned with Fundraising).

Both the main Board and the Audit Committee receive detailed reports ahead of each meeting compiled by the Director and his staff. These reports cover every aspect of Wallace Collection work and life over the previous quarter, and form a useful basis for Trustee discussions. The Trustees feedback to the Director upon the quality and layout of these reports to ensure that they remain an excellent source of information and data.

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Wallace Collection Staff

With the assistance of the Senior Management Team (Annex A), the Director is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining the values of the Wallace Collection. This team comprises the Director of Collections, the Director of Development and Marketing and the Director of Finance and Operations. Each is supported by a number of department heads who are responsible for specific areas of activity within the Collection. The Senior Management Team meets once a fortnight, the managers meet with Director and Senior Management Team once a quarter, and there is a full staff meeting on a monthly basis. In this way the Director can satisfy himself that he is informed on all operational issues in order that he can report to the Board of Trustees.

Trustee Appointments

The Trustees are appointed by the Prime Minister. The minimum number of Trustees is set at six, and although there is no maximum, numbers have fluctuated over time between seven and eleven. At 31 March 2012 there were eight in post (Annex A). Following a competitive process, and consultation with other Trustees and with the Director, the Chairman recommends nominees, no fewer than two for each Trusteeship at a time, to the DCMS who in turn recommend names to the Prime Minister. Traditionally, the Prime Minister chooses from among the names put forward, and appointments are apolitical. The procedure is subject to the recommendations of the Nolan report. Usually appointments are for not more than four years in the first instance, but with the option of reappointment. Trustees can resign by notice in writing to the Prime Minister.

The Trustees appoint their own Chairman, who normally serves until retirement from the Board. The Chairman can resign as Chairman by notice in writing to the Board. Trustees receive appropriate training on appointment, including receipt of a detailed Handbook setting out their responsibilities.

Data Handling

There were no personal data related incidents during the year. The Collection complies with Cabinet Office guidance in relation to the treatment of personal data.

Compliance with Corporate Governance Code

The Wallace Collection is mindful of the Corporate Governance Code for central government departments and with the exception of establishing a procedure for assessing Board performance (see below) the Trustees are content that the Museum complies as appropriate for a NDPB.

Board performance

The most significant issue addressed by the Trustees during the year was to appoint a successor to Dame Rosalind Savill as Director and Accounting Officer, following her retirement in October 2011. Having run a fully international competition, the Trustees were particularly satisfied to have found the right balance of scholarship and leadership from within the Wallace Collection itself, in Dr. Christoph Vogtherr.

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As the appointment was made from within, this allowed for a significant handover period, which enabled the Director to satisfy himself that all of the Accounting Officers duties had been satisfactorily performed in the first seven months of the year. The Director has attended the necessary training course at the DCMS concerned with discharging his duties as Accounting Officer, and furthermore is satisfied that all of his Accounting Officers duties have been satisfactorily met up to the date of this report.

The Board has been working with the new Director on the future strategic direction of the Collection, and more recently is heavily engaged in the appointment of four new Trustees to enable it to continue to provide the skills and expertise needed to support the Collection in the future. These appointments are due to be made in late 2012.

During 2011-12, the Board has continued to provide input into the various ongoing and future capital projects, in particular Phase IV and the Great Gallery and in addition:

- Agreed the Corporate Plan 2011-14;
- Agreed the 2012-13 budget;
- Reviewed, via the Audit Committee, the Collection's financial management and procedures;
- Received, reviewed and commented on departmental updates.

As the requirements under HM Treasury's Managing Public Money for Governance Statements are new this year, the Board is in the process of establishing a procedure for assessing both its performance and that of the Audit Committee, the outcome of which will be included in a future report.

Audit Committee

The Audit Committee, chaired by Professor Frances Corner, is responsible for reviewing the Collection's key risks, and the controls in place to manage them, and monitoring its compliance with statutory requirements - including the Annual Report & Accounts. The Committee reports on its work at each Board meeting.

During the year the committee reviewed the Internal Audit report it 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, including hearing reports from responsible individuals. It also reviewed the external audit of the Annual Report & Accounts.

Risk

As noted above the Senior Management Team and the Director (the SMT) are responsible for the strategic management of the Wallace Collection, and as part of this set the tone for the Collection's approach to, and appetite for, risk. This varies depending upon the specific issue. This approach is considered to be appropriate to the Wallace Collection given its size and enables it to maintain a flexible approach to risk.

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The Collection at all times strives to meet the objectives set out in the Corporate Plan 2011-14 (see page 5), and the Review of the Year above is set out to show progress against each of these objectives. The day to day risks associated with these activities are managed, constantly challenged and updated through the meetings of staff set out under the Wallace Collection Staff section above.

These risks, be they financial, reputational or otherwise, are recorded on, and managed through the Collection's Strategic Risk Register. This was created by the SMT who also ensure it is regularly updated, and this register is reviewed by the Audit Committee at their quarterly meetings. It covers the key risks that the Collection faces and assigns a key individual to manage each risk.

Risk management is therefore an intrinsic part of the everyday decision-making process at the Wallace Collection. Given the tight financial constraints that the Wallace Collection has operated under for many years, it is only natural that risk is considered as part of every management and Trustee decision.

Risk is not only limited to financial risk, where every new project is carefully costed, budgeted for and monitored, but the risk to the fragile Collection and the fabric of Hertford House that is entrusted to the Trustees' care. The risk assessment and monitoring process is engendered in all staff through the discipline of the budgeting round, plus overt consideration in each of our weekly staff meetings where the topic is a mainstay of discussion. For major projects a Steering Group is established, headed by a senior staff member, and they are charged with ensuring that the project operates to set parameters and budgets. Thus the risks inherent in any new venture are weighed up carefully in advance and are monitored throughout the duration of the project.

The key risk priorities of the Wallace Collection in 2011-12 have been:

- Managing the impact of increasing visitor numbers whilst improving their understanding of the Collection;
- Managing the impact of the Gallery refurbishments and other capital projects;
- Planning for the future against a backdrop of reduced funding;
- Increasing self generated income without increasing the risk to the fabric of the building;
- Securing the Collections and protecting them from theft and damage; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade II listed building.

Both the Board of Trustees and the Audit Committee play a key role in the monitoring of these risks and the internal controls in place to mitigate them.

The Board brings wide-ranging experience and a fresh perspective to key decision-making discussions, and all key issues are brought to the Trustee Board's notice for discussion and ratification. The Audit Committee supports the main Trustee Board and the Accounting

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Officer by questioning senior management and the internal and external audit functions to satisfy themselves that the Wallace Collection has an adequate system of internal control in order to adequately manage key risks. It has done this by inviting designated responsible risk holders within the Collection to report on their work on a regular basis, and has also received significant assurance from the Internal Auditor that the internal controls in place are sound.

The Board consider this to be an effective risk management strategy, and is confident that the Wallace Collection is successfully managing the key risk priorities noted above.

.....
Dr. Christoph Vogtherr
Director and Accounting Officer

9 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 Wallace Collection for the year ended 31 March 2012 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Collection's Balance Sheet, the Collection's Cash Flow Statement, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Board of 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 Wallace Collection's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Wallace Collection; 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.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources 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 and outgoing resources 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.

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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 Wallace Collection's affairs as at 31 March 2012 and of its 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 the Risk section of the Governance Statement and the Review of the Year, Financial Review, Reference and Administrative Detail of the Charity, its Trustees and Advisors, Annex A - Trustees sections of the Annual Report 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;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- 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
National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Date 11 July 2012

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

	Notes	Unres- tricted Funds	Res- tricted Funds	Total 2011/12	Total 2010/11
		£000	£000	£000	£000
Incoming resources					
Incoming Resources from generated funds					
Voluntary Income					
Donations and similar resources	2	263	1,760	2,023	911
Grant-in-Aid	2	2,983	–	2,983	4,212
Other Public Funds	2	–	–	–	156
Activities for generating funds					
Trading income	15	1,586	–	1,586	1,415
Investment income	4	3	1	4	5
Incoming resources from charitable activities					
	3	62	–	62	62
<i>Total incoming resources</i>		4,897	1,761	6,658	6,761
Resources expended					
Costs of generating funds					
Costs of generating voluntary income					
Fundraising expenditure		148	–	148	143
Marketing and design expenditure		278	–	278	291
Trading: cost of goods sold and other costs	15	871	–	871	877
Charitable activities					
Conservation expenditure		275	48	323	304
Collections expenditure		874	222	1,096	1,500
Security expenditure		1,297	–	1,297	1,331
Building and maintenance expenditure		1,469	628	2,097	1,760
Governance Costs	5	32	4	36	36
<i>Total resources expended</i>		5,244	902	6,146	6,242

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	Notes	Unres- tricted Funds £000	Res- tricted Funds £000	Total 2011/12 £000	Total 2010/11 £000
Net incoming resources before transfers	8	(347)	859	512	519
Transfers					
Gross transfers between funds	13	(414)	414	–	–
Net incoming resources before other recognised gains and losses		(761)	1,273	512	519
Gain on revaluation of fixed assets for charity's own use	13	21	289	310	434
Net movement in funds		(740)	1,562	822	953
Fund Balances Brought Forward at 1 April 2011		5,374	33,428	38,802	37,849
Fund Balances Carried Forward at 31 March 2012	13	4,634	34,990	39,624	38,802

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

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

The notes on pages 44-63 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2011-12

**Consolidated Balance Sheet
at 31 March 2012**

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	<u>38,870</u>	<u>37,293</u>
Current assets			
Stock		445	289
Debtors	10	378	458
Cash at bank and in hand	14	<u>710</u>	<u>1,602</u>
		1,533	2,349
Creditors: amounts falling due within one year	11	<u>(779)</u>	<u>(840)</u>
Net current assets		754	1,509
Net assets	12	<u>39,624</u>	<u>38,802</u>
Represented by:			
Restricted income funds	13	33,901	32,628
Restricted revaluation reserve	13	1,089	800
Unrestricted funds:			
Designated funds	13	3,918	4,285
Unrestricted revaluation reserve	13	281	260
General funds	13	<u>435</u>	<u>829</u>
Total funds	13	<u>39,624</u>	<u>38,802</u>

..... Sir John Ritblat – Chairman 9 July 2012

..... Dr. Christoph Vogtherr – Director
and Accounting Officer 9 July 2012

The notes on pages 44-63 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2011-12

The Collection Balance Sheet at 31 March 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investment	15	0	0
Tangible assets	9	38,857	37,273
		<u>38,857</u>	<u>37,273</u>
Current assets			
Stock		247	136
Debtors	10	686	1,042
Cash at bank and in hand		330	911
		<u>1,263</u>	<u>2,089</u>
Creditors: amounts falling due within one year	11	<u>(522)</u>	<u>(592)</u>
Net current assets		741	1,497
Net assets		<u>39,598</u>	<u>38,770</u>
Represented by:			
Restricted income funds		33,901	32,628
Restricted revaluation reserve		1,089	800
Unrestricted funds:			
Designated funds		3,905	4,265
Unrestricted revaluation reserve		281	260
General funds		422	817
Total funds		<u>39,598</u>	<u>38,770</u>

..... Sir John Ritblat – Chairman 9 July 2012

..... Dr. Christoph Vogtherr – Director
and Accounting Officer 9 July 2012

The notes on pages 44-63 form part of these financial statements.

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Consolidated Cash Flow Statement for the year ended 31 March 2012

	Notes	2012 £000	2011 £000
Net cash inflow from operating activities	14 a)	1,525	1,291
Returns on investment and servicing of finance	14 b)	4	5
Capital expenditure and financial investment	14 b)	<u>(2,421)</u>	<u>(1,502)</u>
Decrease in cash in the year	14 c)	<u>(892)</u>	<u>(206)</u>

The notes on pages 44-63 form part of these financial statements.

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

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

b) Incoming resources

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

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

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

Income relating to future periods is counted as deferred and realised in the year to which it relates. Where donations relate to future exhibitions the donations are deferred.

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

c) Resources Expended

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. The make up of governance costs and the basis for apportionment is set out in Note 5.

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

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management of the Collection's assets, organisational administration and compliance with constitutional and statutory requirements.

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

d) Fund accounting

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

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

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

e) Tangible fixed assets

Tangible fixed assets with a cost price of £2,000 and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £1,000 and purchased in bulk are grouped and capitalised when the combined total exceeds £2,000. This avoids unnecessary capitalisation of comparatively low value items in line with other Museums and Galleries.

The property, Hertford House, was transferred to the Trustees of the Collection by the Secretary of State for the Environment on 22 December 1993. The basis for the valuation for this property is stated in note 9.

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

Freehold land	– not depreciated
Freehold buildings	– over the expected remaining life
Office equipment	– over 4 years (except Wallace Live, 10 years)
Fixtures and fittings	– over 4 years (electrical equipment) 10 years (other fixtures and fittings) and 25 years (refurbishment projects). Purchased antique frames are not depreciated

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

Fixed assets are re-valued to current costs, where material, using a range of appropriate indices. Impairment reviews are carried out where fixed assets show indications of potential impairments. In the years between the quinquennial revaluations land is re-valued with reference to GDP indices published by the Office for National Statistics, and buildings by BCIS tender price indicators.

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f) Stock

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

g) Heritage Assets

The Wallace Collection is the most intimate national museum in the world. Formed by four generations of Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), between the 1780s and the 1880s, it was bequeathed to the nation by Lady Wallace in 1897. Her bequest stipulated that it should be preserved as a national museum 'unmixed with other works of art'. The Collection contains Old Master paintings, miniatures, sculpture, French furniture, porcelain and goldsmiths' work, European and Oriental arms and armour, and medieval and renaissance works of art. All are of the highest quality and of international importance.

The Collection comprises 5,633 works of art in total (see p.5) and encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. They are housed in twenty-seven rooms and galleries on the ground and first floors, with additional Exhibition Galleries, Visitors' Library, Lecture Theatre, Meeting Room, Studio, Conservation Gallery and Reserve Collection Gallery on the lower ground floor.

Since the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing of its permanent collection, objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection (HHHC) subsequent to the 1897 bequest. This collection was formerly referred to as the Library of Hertford House Archive Collection and renamed in 2005 to avoid any future ambiguity in relation to the Library and Archive Collections'.

There is no separate accession register as such for the Wallace Bequest since this function is deemed to be fulfilled by the original bequest documentation and subsequent catalogues. An Accession Register has been implemented for the HHHC and is held in the office of the Collections and Academic Director.

Owing to the above stipulations the Wallace Collection neither acquires nor disposes of works of art.

The majority of the Wallace Collection bequest is numbered and catalogued in a series of scholarly publications commencing with *Oriental Arms and Armour* by GF Laking in 1912. The Museum also holds a number of 19th century manuscript inventories of the collection.

The objects in the HHHC are not valued as all of the individual purchases fall under the capitalisation threshold.

There is no value attributed to any items in the Collection as Heritage Assets or otherwise. Expenditure which is required to preserve or prevent further deterioration of individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

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Collections Management

Under the terms of the bequest, the whole Collection is available to the public all year round. The only time works of art are held offsite is for external conservation.

Air conditioning was installed in Hertford House in the 1970s in order to regulate temperature and relative humidity to optimise the care of the Collection. In addition over the years additional space has been made available to ensure that the Collection is accessible to all.

Object Files

An object file exists for every object in the collection where correspondence, publication of prints and photographs are held.

Museum Plus

In February 2006 the museum implemented its first computerised Collections Management System, MuseumPlus. A team of three Documentation Assistants and a Documentation Officer were recruited to populate the database with a core record for every object in the 1897 bequest. A basic record was imported to the system from a previously in-use Location list held in Excel. This information supplied Museum Number, Object Name and Location. Working to a pre-defined data standard the team created fuller records using information from scholarly catalogued and object files.

This can be viewed online at www.wallacecollection.org/thecollection/wallacelive.

Records have also been created for the Hertford House Historic Collection, Handling Collections and for loans from (HHHC) and to the Wallace Collection.

Accreditation

The Wallace Collection is a fully accredited Museum and therefore has in place an Acquisition and Disposal Policy, approved by the Trustees, a documentation procedural manual and maintains the primary documentation procedures as defined by SPECTRUM.

Non inclusion of Heritage Assets in the Balance Sheet

In the opinion of the Trustees, appropriate and relevant information on cost or value is not available for the Museum's collections. This is owing to the lack of information on purchase cost, the diverse nature of the objects, and the volume of items held

In the Trustees' opinion, conventional valuation approaches lack sufficient reliability and any valuation is likely to incur significant cost that is likely to be onerous. Even if valuations could be obtained the costs would not be at commensurate with any benefits to the Museum management, curatorial staff, the public, or users of the financial statements.

For this reason the Collections are not recognised as assets in the Museum's Balance Sheet.

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h) Leases

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

i) Foreign currencies

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

j) Pension costs

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

k) Financial Instruments

Financial Assets

The Museum's financial assets comprise trade and other debtors which have fixed or determinable payments that are not quoted in an active market. The Museum has no intention of trading these. Subsequent to initial recognition at fair value, these assets are carried at amortised cost, less impairment, using the effective interest method.

Financial Liabilities

Trade, other creditors and accruals are recorded at their carrying value, in recognition that these liabilities fall due within 1 year.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Where there is objective evidence that an impairment loss exists on financial assets carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Any charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

l) Taxation

The Wallace Collection is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes as the income arising from the pursuit of its charitable objectives.

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2. Voluntary Income

£2,983,000 (2010/11 £4,212,000) of Grant-in-Aid has been received from the Department for Culture, Media and Sport during the year, of which £259,000 has been used to fund capital improvements (2010/11 £1,400,000); the remainder was used to fund operating expenditure. The DCMS/DfE funding for strategic commissioning of e-learning and regional partnerships ceased in the 2010/11 year and so no funds were received in 2011/12 (2010/11 £156,000). The majority of donations and similar resources are restricted funds raised for capital refurbishments (see note 13) and includes a donation of £311,000 from the Heritage Lottery fund towards the cost of refurbishing the Collection.

3. Incoming resources from charitable activities

	2011/12 £000	2010/11 £000
Study days and Art activities	42	39
Tours	14	15
Miscellaneous other income	6	8
	62	62

4. Investment income

	2011/12 £000	2010/11 £000
Interest receivable	4	5

Interest is earned on short term cash deposits.

5. Total resources expended

a)	Staff costs £000	Other costs £000	Depre- ciation £000	2011/12 £000	2010/11 £000
Costs of generating funds					
Fundraising	106	42	–	148	143
Marketing and Design	98	180	–	278	291
Trading	569	295	7	871	877
Charitable activities					
Conservation	234	89	–	323	304
Collections	674	422	–	1,096	1,500
Security	1,183	114	–	1,297	1,331
Building and Maintenance	196	1,056	845	2,097	1,760
Governance	–	36	–	36	36
	3,060	2,234	852	6,146	6,242

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b) Governance costs

Governance costs include:

	2011/12 £000	2010/11 £000
Trustee Board costs	4	4
Legal Fees	0	3
External Audit Fees	26	23
Internal Audit Fees	6	6
	36	36

c) Support Costs Breakdown by Activity

Support Costs	Fundraising	Marketing & Design	Trading	Conservation	Collections	Security	Building & Maintenance	Total 2011/12	Total 2010/11
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Director's Office	26	25	25	26	116	13	26	257	228
Finance	5	10	32	12	41	54	89	243	199
Human Resources	1	1	8	4	9	30	2	55	57
Office support and supplies	7	15	15	7	22	4	3	73	70
	39	51	80	49	188	101	120	628	554

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

d) Breakdown of Costs of Direct Activities

Activity	Activities undertaken directly	Support costs	Total 2011/12	Total 2010/11
	£000	£000	£000	£000
Fundraising expenditure	109	39	148	143
Marketing and design expenditure	227	51	278	291
Trading expenditure	791	80	871	877
Conservation expenditure	274	49	323	304
Collections expenditure	908	188	1,096	1,500
Security expenditure	1,196	101	1,297	1,331
Building and maintenance expenditure	1,977	120	2,097	1,760
	5,482	628	6,110	6,206

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6. Staff costs

a) Staff	2011/12	2010/11
	£000	£000
Wages and salaries	2,447	2,505
Social security costs	182	190
Pension costs	369	387
	<hr/>	<hr/>
	2,998	3,082
Agency staff costs	62	61
	<hr/>	<hr/>
	3,060	3,143

The above does not include £61,460 relating to staff costs that were capitalised in year (2010-11: £88,929). These are staff costs relating specifically to capital projects.

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:

	2011/12	2010/11
£60,001 – £70,000	4	2
£100,001 – £110,000	1	–
£120,000 – £130,000	–	1
	<hr/>	<hr/>
	5	3

b) Pension Costs

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a non-contributory and unfunded multi-employer defined benefit scheme but The Wallace Collection is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31st March 2007. Details can be found in the resource accounts of the cabinet office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011/12, employers' contributions of £349,011 were payable to the PCSPS (2010/11: £352,444) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011/12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution.

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Employers' contributions of £28,169 (2010/11: £34,503) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions equivalent to 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £2,134 (2010/11: £2,497). No contributions were prepaid at that date.

c) Average number of employees

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

	Perm- anent Staff	Temp- orary Staff	Mana- gerial Staff	2011/12 Total	2010/11 Total
Director's Office	1.4	–	1.0	2.4	2.5
Conservation	5.9	–	–	5.9	5.3
Collections	14.3	–	1.0	15.3	18.4
Security	42.8	3.1	–	45.9	48.3
Building and Maintenance	3.0	–	–	3.0	3.0
Fundraising	1.9	–	0.5	2.4	2.7
Marketing & Design	1.5	–	0.5	2.0	2.0
Trading	12.2	–	–	12.2	12.7
Finance and HR	3.5	–	1.0	4.5	4.5
	86.5	3.1	4.0	93.6	99.4

The above figures relate to full time equivalent staff numbers. This excludes the capitalised element of fixed term staff members whose costs were capitalised. The capitalised element equates to 1.5 full time equivalent staff for the year as a whole (2010-11: 3 FTE).

d) Trustees

The Trustees neither received nor waived any emoluments during the year (2010-11: £nil). Expenses reimbursed to the Trustees for travel and subsistence amounted to £nil (2010-11: £nil). If any such reimbursed expenditure is incurred, it is funded from a specific donation from the Chairman. The Chairman and Board of Trustees are appointed for periods of 3 to 5 years.

e) Compensation for loss of office

Five employees left under compulsory early severance terms and received payments totalling £33,269 (2010-11: One employee: £35,875).

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Reporting of Civil Service and other compensation schemes – exit packages

(Comparatives for 2010-11 in brackets)

Exit Package cost band	Compulsory Redundancies		Other Departures Agreed*		Total	
<£10,000	1	(–)	4	(–)	5	(–)
£10,000 – £25,000	–	(–)	–	(–)	–	(–)
£25,000 – £50,000	–	(1)	–	(–)	–	(1)
TOTAL Number	1	(1)	4	(–)	5	(1)
TOTAL COST	£5,309	(£35,875)	£27,960	(–)	£33,269	(£35,875)

* Fixed term contracts ending in excess of two years.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure

7. Clear Line of Sight

In previous years, a charge reflecting the cost of capital utilised by the Wallace Collection has been included in the consolidated statement of financial activities. In line with the ‘Clear Line of Sight’ project by HM Treasury, NDPB reporting of the cost of capital charge is no longer required.

8. Net incoming resources

Net incoming resources are stated after charging:

	2011/12 £000	2010/11 £000
NAO audit fee	18	18
Trading subsidiary audit fee	7	5
Internal audit fees	6	6
Operating lease rentals for hire of plant and machinery	20	20

All external auditors’ remuneration was for audit work.

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9. Tangible fixed assets

Group

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equip- ment £000	Assets Under Constru- ction £000	Total £000
Cost/valuation					
Balance at 1 April 2011	33,800	3,290	684	1,276	39,050
Additions	83	40	15	2,283	2,421
Transfers	2,088	865	–	(2,953)	–
Disposals	–	–	(18)	(302)	(320)
Revaluation	337	(32)	–	–	305
Balance at 31 March 2012	36,308	4,163	681	304	41,456
Depreciation					
Balance at 1 April 2011	–	1,332	425	–	1,757
Charge for the year	622	167	63	–	852
Disposals	–	–	(19)	–	(19)
Revaluation	–	(4)	–	–	(4)
Balance at 31 March 2012	622	1,495	469	–	2,586
Net book value					
Balance at 31 March 2012	35,686	2,668	212	304	38,870
Balance at 31 March 2011	33,800	1,958	259	1,276	37,293

The net book value at 31 March 2012 represents tangible fixed assets used for:

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equip- ment £000	Assets Under Constru- ction £000	Total £000
Charitable purposes	35,686	2,657	210	304	38,857
Trading Activities	–	11	2	–	13
	35,686	2,668	212	304	38,870

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The Collection

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equip- ment £000	Assets Under Constru- ction £000	Total £000
Cost/valuation					
Balance at 1 April 2011	33,800	3,274	601	1,276	38,951
Additions	83	40	15	2,283	2,421
Transfers	2,088	865	–	(2,953)	–
Disposals	–	–	(18)	(302)	(320)
Revaluation	337	(32)	–	–	305
Balance at 31 March 2012	36,308	4,147	598	304	41,357
Depreciation					
Balance at 1 April 2011	–	1,328	350	–	1,678
Charge for the year	622	166	57	–	845
Disposals	–	–	(19)	–	(19)
Revaluation	–	(4)	–	–	(4)
Balance at 31 March 2012	622	1,490	388	–	2,500
Net book value					
Balance at 31 March 2012	35,686	2,657	210	304	38,857
Balance at 31 March 2011	33,800	1,946	251	1,276	37,273

Freehold buildings

The Wallace Collection is housed in Hertford House, Manchester Square, London, W1U 3BN. The freehold title to this property was transferred to the Trustees of the Wallace Collection from the Secretary of State for the Environment on 22 December 1993 at its then net book value. The property was revalued at £33,800,000 on a depreciated replacement cost basis at 31 March 2011 by an independent surveyor, Gerald Eve, in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, First Edition. In between the full quinquennial revaluations the land and building are revalued on an annual basis using appropriate indices.

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10. Debtors

	Group 2012 £000	Group 2011 £000	Collection 2012 £000	Collection 2011 £000
Trade debtors	172	172	14	30
Other debtors	32	20	32	20
VAT debtors	99	147	153	200
Amount due from subsidiary	–	–	418	680
Prepayments and accrued income	75	119	69	112
	378	458	686	1,042

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

The debtors include £98,946 (2011: £146,505) owed by HM Revenue and Customs, and no amounts owed by central government departments. All other amounts are with bodies external to government.

11. Creditors: amounts falling due within one year

	Group 2012 £000	Group 2011 £000	Collection 2012 £000	Collection 2011 £000
Trade creditors	216	281	199	272
Taxation and Social Security	93	51	93	51
Accruals	169	186	163	181
Deferred Income	275	315	41	84
Other Creditors	26	7	26	4
	779	840	522	592

The creditors include £92,515 (2011: £51,314) owed to HM Revenue and Customs, and no other amounts owed to central government departments. All other amounts are with bodies external to government.

Deferred income includes £40,665 of membership deferred in the year, £37,501 was released from 2011.

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12. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total Mar-12 £000
Fund balances at 31 March 2012 are represented by:			
Tangible fixed assets	4,108	34,762	38,870
Current assets	1,305	228	1,533
Current liabilities	(779)	–	(779)
Total net assets	4,634	34,990	39,624

There are no unrealised gains included above.

13. Consolidated statement of funds

	Balance at 1 April 2011 £000	Income £000	Expen- diture £000	Reval- uation £000	Trans- fers £000	Balance at 31 March 2012 £000
Unrestricted funds						
Designated funds:						
Capital projects fund (a)	3,944	780	(524)	–	(372)	3,828
Revaluation reserve	260	–	–	21	–	281
Designated capital fund (b)	341	–	(251)	–	–	90
General funds	829	4,117	(4,469)	–	(42)	435
Total unrestricted funds	5,374	4,897	(5,244)	21	(414)	4,634
Restricted income funds						
Capital reserve (c)	32,289	20	(629)	–	1,993	33,673
Revaluation reserve	800	–	–	289	–	1,089
Conservation projects (d)	20	32	(48)	–	10	14
Education fund (e)	11	54	(69)	–	12	8
Publication fund (f)	97	19	(28)	–	(19)	69
Archive project (g)	96	18	(8)	–	(19)	87
Curatorial projects (h)	10	25	(25)	–	(10)	–
Exhibitions fund (i)	1	22	(91)	–	68	–
Gallery refurbishment (j)	100	1,571	–	–	(1,621)	50
Chairman's fund (k)	4	–	(4)	–	–	–
Total restricted funds	33,428	1,761	(902)	289	414	34,990
Total funds	38,802	6,658	(6,146)	310	–	39,624

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- a) The Capital projects fund comprises the Collection's fixed assets purchased using unrestricted funds.
- b) The Designated capital fund reflects amounts designated from general income for future capital projects.
- c) The Capital reserve fund represents the net book value of the property and other fixed assets purchased from restricted funds.
- d) The Conservation projects fund includes funds specifically for conservation projects from various donors, the most significant element of the year end balance is the Reynolds Conservation Project. The transfer represents the unrestricted funds used to help fund conservation projects during the year.
- e) The Education fund assists with the cost of the Collection's education department. The transfer represents the unrestricted funds used to help fund education projects during the year.
- f) The Publication fund reflects donations towards the Collection's scholarship activities. The transfer represents the unrestricted funds used to help fund prior publications during the year, repaid in this year.
- g) The Archive fund was set up by a donation in 2005/06 in order to facilitate the cataloguing and research of the Collection archives. The transfer represents unrestricted funds used in the prior year to fund archive projects, repaid in the year.
- h) The Curatorial fund was set up in 2005/06 with a donation to allow the purchase of a historic picture frame. It continues with donations towards curatorial purchases and activities. The transfer represents unrestricted funds used to fund curatorial activities, repaid in the year.
- i) The Exhibition fund was set up in 2005/06 in order to facilitate the Collection's temporary exhibition programme. The transfer represents the unrestricted funds used to help facilitate the exhibitions during the year.
- j) The Gallery refurbishment fund represents those restricted funds specifically raised to fund the next phase of gallery refurbishments. The transfer relates to the restricted element of the works under construction during the year.
- k) The Chairman's fund receives donations from the Chairman to enable the Wallace Collection to make various payments for the benefit of the Wallace Collection including the reimbursement of certain Trustee expenses incurred on Collection business.

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14. Cash flow information

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

	Notes	2011/12 £000	2010/11 £000
Net incoming resources for the year		512	519
Depreciation	9	852	813
Investment income received	4	(4)	(5)
Loss on disposal of fixed assets		302	27
(Increase) in stock		(156)	(69)
Decrease/(increase) in debtors	10	80	(103)
(Decrease)/increase in creditors	11	(61)	109
Net cash inflow from operating activities		1,525	1,291

b) Analysis of cash flows

		2011/12 £000	2010/11 £000
Returns on investments and servicing of finance			
Interest received	4	4	5
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	9	2,421	1,502

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

	2011/12 £000	2010/11 £000
Decrease in cash in the year	(892)	(206)
Movement in net funds in the year	(892)	(206)
Net funds at 1 April (note 14(d))	1,602	1,808
Net funds at 31 March (note 14(d))	710	1,602

d) Analysis of net funds

	1-Apr 2011 £000	Cash Flow £000	31-Mar 2012 £000
Cash at bank and in hand	1,602	(892)	710

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15. Hertford House Marketing Ltd

The Collection owns the whole of the issued share capital of 2 issued shares of £1 nominal value, of Hertford House Marketing Limited, a company registered in England & Wales (Company Number 3183595). The company's principal activities are Corporate Event hire, Retail, the Picture Library and the running of the Wallace Restaurant franchise. Hertford House Marketing Limited commenced formal trading on 1 April 2000. The Chairman of Trustees and the Collection's Director are the only directors of the company.

Income and Expenditure Account:

	2011/12 £000	2010/11 £000
Turnover	1,586	1,415
Cost of Sales	(266)	(203)
Gross profit	1,320	1,212
Administrative Expenses	(763)	(724)
Operating Profit	557	488
Interest Receivable	2	1
Contribution to The Wallace Collection	(564)	(490)
Net (Loss) before Tax	(5)	(1)
Tax	0	0
Net (Loss) after Tax	(5)	(1)
Reconciliation to SoFA:		
Cost of Sales	266	203
Administrative Expenses	763	724
less: Audit fee included in Governance	(7)	(5)
less: Intercompany sales	(151)	(45)
Per Consolidated SoFA	871	877

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Balance sheet:

	2012	2011
	£000	£000
Tangible Fixed Assets	13	20
Current Assets	740	990
Current Liabilities	(729)	(981)
Net Assets	24	29
	2012	2011
	£000	£000
Share Capital	0	0
Reserves	24	29
Net Assets	24	29

16. Financial commitments

At 31 March 2012 the Collection had annual commitments under non-cancellable operating leases for equipment as follows:

Operating leases expiring within:

	2012	2011
	£000	£000
In under one year	16	0
In the second to fifth years inclusive	4	16
Over five years	7	3
	27	19

Hertford House Marketing Limited has no such financial commitments.

17. Financial Instruments:

FRS29 Financial Instruments: Disclosures requires entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risk.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements and the Museum is therefore exposed to little credit, liquidity or market risk.

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Liquidity Risk

Approximately 45% (2010-11: 63%) of the Museum's income was provided as Grant-in-Aid from the Department for Culture, Media and Sport. The remaining proportion is therefore generated via self-generated income, which is volatile. The risk is managed by the reserves policy for general funds which seeks to build these funds to £350,000. As the cash requirements of the Charity are met largely through Grant-in-Aid received from the Department of Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size.

Foreign Currency Risk

As the Museum's policy is to convert foreign currency into sterling on receipt, the Museum's exposure to foreign currency risk is not significant.

Interest Rate Risk

The Museum draws down its annual Grant-in-Aid allocation according to its monthly cash flow requirements; All of the Museum's financial assets represents cash held for these short term requirements and therefore earns interest at a floating rate. None of the Museum's financial assets carry fixed rates of interest. As only a small proportion of income £3,711 (2010-11 – £5,065) is generated from interest earned, the Museum is not exposed to significant interest rate risk.

18. Capital commitments

At 31 March 2012 capital expenditure commitments were as follows:

	2012	2011
	£000	£000
Authorised by the Trustees and contracted for	282	1,583

19. Related party transactions

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

The Chairman generously supports the Collection through the 'Chairman's Fund', the details of which are shown in note 13.

Several Trustees are also supporters of the Collection, and they are shown in Annex B.

20. Post Balance Sheet Events

There were no significant events after the year end.

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The accounts were authorised by the Accounting Officer for issue on the date of the Comptroller and Auditor General's certification.

21. Contingent Liabilities

There were no contingent liabilities as at 31 March 2012.



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