

Victoria and Albert Museum Annual Report and Accounts 2010-2011

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Annual Report

Introduction

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

The V&A Board of Trustees has the following general functions under the The Act:

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

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

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

V&A Mission

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

V&A strategic objectives

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

2010-11 has been another very successful year for the V&A which has achieved record participation in London, across the UK, internationally and online. Activity in the year that contributed to each of the strategic objectives is described below.

Access to the Collections

Visitors

There were 5,058,700 actual visits to V&A collections in 2010-11, comprising 3,049,000 visits at the Museum's London sites and 2,009,700 visits to V&A touring exhibitions at other venues in the UK and internationally.

Visit figures to the V&A South Kensington and the Museum of Childhood were the highest achieved in the history of both museums. The V&A South Kensington had 2,619,600 visits (11% increase from 2009-10) and the Museum of Childhood had 422,600 visits (8% increase from 2009-10).

Exhibitions and Displays

As well as the comprehensive and inspiring display of the permanent Collections, the V&A mounts a diverse range of exhibitions and displays drawn both from the Collection and from objects loaned by individuals and institutions from all over the world. In addition, the V&A commissioned a number of contemporary interventions and events throughout the year.

V&A South Kensington

- *Horace Walpole and Strawberry Hill*, 6 March-4 July 2010, 33,600 visits
- *Quilts 1700-2010*, 20 March-4 July 2010, 141,700 visits
- *Grace Kelly: Style Icon*, 17 April-26 September 2010, 211,200 visits
- *1:1 – Architects Build Small Spaces*, 15 June-30 August 2010, 139,600 visits
- *Raphael: Cartoons and Tapestries for the Sistine Chapel*, 8 September-24 October 2010, 88,200 visits
- *Diaghilev and the Golden Age of the Ballets Russes, 1909-1929*, 25 September 2010-9 January 2011, 115,500 visits
- *Shadow Catchers: Camera-less Photography*, 13 October 2010-20 February 2011, 62,000 visits
- *Imperial Chinese Robes from the Forbidden City*, 7 December 2010-27 February 2011, 47,800 visits

V&A Museum of Childhood (all exhibitions free – specific visit numbers not collected)

- The exhibitions, displays and installations programme included: *Sit down: Seating for Kids* (6 February – 5 September 2010); *Cut it, Fold it...Build it with Paper* (9 October 2010 – 9 January 2011); *Welcome to Our World... Living with Autism* (20 March 2010 – 30 April 2011); *Food Glorious Food* (29 January – 25 April 2011); *Doll Face* (3 September 2010 – 27 March 2011); *A Child from Everywhere: Photographs by Caroline Irby* (7 May – 30 August 2010).

Learning

The V&A continues to offer a range of exciting, innovative learning programmes to allow all audiences to learn about and practice art and design. In 2010-11, 100,700 school pupils took part in facilitated or self directed visits to V&A sites. 273,300 visitors participated in onsite activities at V&A sites (114,200 children and 159,100 adults). The Museum's learning programmes, projects and events are too numerous to list comprehensively; some highlights are given below to illustrate the range of the offer.

V&A South Kensington

- **Year Course: Early Medieval: 300-1250**
The Museum's Learning Department runs a range of part-time year-long courses. This year the Museum ran a new Early Medieval course, drawn from the Museum's world-class early medieval collection. The course sets diverse buildings and artefacts within their historical context, examining their patronage, materials and techniques, function and original setting. It was sold out.
- **DesignLab Workshops**
Hands-on workshops for secondary schools using iconic objects in the collections to explore design processes through creative activities in the galleries and studio. Schools can choose from Design Pro (devised in collaboration with *Seymourpowell*); Design for Life; Chair Design; Lamp Design.
- **Arab World Family Learning Programme**
The Saïd Foundation supported a series of events aiming to promote better understanding of the Arab world and Islam. Activities and resources were based on relevant V&A Collections. For example a new family Back-Pack called Middle Eastern Marvels was launched. As part of the programme the one-day festival Arabian Nights, on 8 August 2010, was attended by over 2,200 visitors.
- **Free Art Fun**
This popular programme for families includes activity Back-Packs and drop-in art and design activities to help families engage with the Museum's galleries and collections and develop their creativity. Back-Packs are available every day and other activities take place at weekends and in school holidays. The 2011 February half term saw the Dragons, Puppets and Fans event where families could make puppets or fans inspired by Chinese colours and creatures, experience an interactive installation by digital artist Memo Akten, and see a new gallery play, *The Boy Who Sat on the Dragon Throne*.

V&A Museum of Childhood

- **Wondertots**
 These fun family learning workshops are designed for parents/carers and their children aged under five. Each session involves art, drama, music and storytelling inspired by the Museum's collections and exhibitions. The sessions are led by the award-winning team from Artburst, a Hackney-based arts education organisation and funded by the Big Lottery Fund. Attended by over 2,400 participants, 49% are families facing social exclusion.
- **Free Gallery Activities**
 Everyday our team of Activity Assistants lead free, drop-in activities for families and schools, including tours, arts and crafts, storytelling, object handling, trails and treasure hunts. Over 62,000 visitors participated in 2010-11.
- **Making SENse**
 Working with seven families with children on the autistic spectrum, the Museum devised family Back-Packs, and online resources to help families with autistic children get the most out of their Museum visit. The packs were launched during the Museum's Autism Awareness Day event on 2 April, attended by over 900 visitors. The project was funded by the Big Lottery Fund and follow on funding has been secured to work with a different additional need in 2011-12.
- **Schools' Programme**
 The Museum offers ten different teaching sessions for Reception, KS1 and KS2 exploring history, art, design and technology, citizenship and science. The Schools' Programme attracted over 63,000 school visitors in 2010-11. The Programme also includes SEN-only days, INSET training for teachers, a Hospital School outreach programme, and bespoke talks for secondary schools and colleges.

Visitor Profile

The V&A has a comprehensive strategy for Access, Inclusion & Diversity (AID). Staff from across the V&A consider how the V&A's programme of exhibitions and events, new gallery developments and web developments can be made accessible to the widest possible audience. Events and programmes are run at V&A sites that allow each Museum to engage with local communities, special interest groups, disabled visitors and audiences who do not normally visit museums. Some events involve outreach work where V&A staff run events offsite.

Visitors from lower socio-economic groups (NS-SEC groups 5-8):

	2009-10	2010-11	% difference
Total	195,700 (13% of UK visits)	202,700 (11% of UK visits)	+4%
South Kensington	134,300 (11% of UK visits)	135,500 (9% of UK visits)	+1%
Museum of Childhood	61,400 (18% of UK visits)	67,200 (18% of UK visits)	+9%

Visitors from a UK Black, Asian and minority ethnic (BAME) background:

	2009-10	2010-11	% difference
Total	246,500 (16% of UK visits)	300,100 (16% of UK visits)	+22%
South Kensington	177,400 (14% of UK visits)	207,200 (14% of UK visits)	+17%
Museum of Childhood	69,100 (21% of UK visits)	92,900 (25% of UK visits)	+34%

The BAME audience across all sites has more than doubled since 2001-02 when the UK BAME proportion of visits was 6%.

In 2010-11 at V&A South Kensington, 5% of the adult audience identified themselves as having a disability or long-term health problems; at Museum of Childhood the figure was 6%.

The V&A considers that workforce diversity is a factor in other strands of diversity, by influencing the Museum's activity and operations, and perceptions of the organisation by ourselves and others. The V&A aims to reflect the cultural diversity profile of either the whole UK or that of London and the South East, depending on the designated recruitment catchment area for different jobs. The national and regional profiles were 8% BAME and 16% BAME respectively (2001 census), and in 2010-11 V&A BAME staffing was 4.5% for nationally-recruited posts and 14% for regionally-recruited posts.

Digital V&A

This year the V&A website received over 24.9 million visits, its highest visit figure ever. The V&A website is the second most visited museum and gallery website in the UK, and the seventh most visited in the world. During the year an innovative new website was developed (for launch in May 2011) which assembles content in an intuitive way for the user. Information, such as biographies of designers, is drawn in via the semantic web and the site offers opportunities for visitors to make their own contributions.

At 31 March 2011 the Museum had 89% of its collection accessible online. This comprises:

- 1,055,135 objects and works of art accessible online via 'Search the Collections', the Museum's online collections database.
- 824,377 library items and 652 archival collections accessible online via the Library catalogue.

Work is constantly undertaken to improve the quantity and quality of information available online.

The Museum's online film magazine, V&A Channel, features films on V&A exhibitions, interviews with artists and designers, and behind-the-scenes coverage of V&A events. This year the V&A also launched its first exhibition guide apps for the exhibitions *Quilts: 1700 – 2010* and *The Cult of Beauty*. The catalogue for the touring exhibition *Constable: Oil Sketches from the Victoria and Albert Museum* was our first to be available also in iPad format.

FuturePlan

This is the V&A's large-scale, long-term capital re-development programme. Its aim is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. As well as access to collections through display and interpretation, FuturePlan contributes to many other Museum agendas such as engagement with the creative industries, increasing audience diversity and inclusion and improving carbon-efficiency. FuturePlan is primarily funded from sources other than core Grant in Aid (GiA).

FuturePlan Phase 1 comprised over 40 capital projects costing £120 million and transformed 26,000 m² of Museum space. FuturePlan is continuing with a second phase from 2010-2019. During the year three FuturePlan Phase 2 projects were completed: the Ceramics Study Galleries (opened in June 2010) and galleries devoted to European Sculpture from 1300-1600 (opened in November 2010) and the refurbished Lydia and Manfred Gorvy Lecture Theatre (completed in March 2011). Work continued on the following projects: cleaning of the Henry Cole Wing facades; refurbishment of the Fashion Gallery; creation of new furniture galleries; restoration of the Cast Courts; development of the Clothworkers' Centre for Textile and Fashion Study and Conservation at Blythe House, Olympia; redesign of the Europe 1600-1800 galleries.

Critical to achieving the longer term ambitions of FuturePlan Phase 2 is the relocation of the Museum's outdated temporary exhibition galleries to a fit for purpose space adjacent to Exhibition Road. This project will create a dedicated temporary exhibition space below street level, and an open air courtyard linking the V&A to Exhibition Road. The completion of this project will release the North East quarter of the Museum for redevelopment, restoring the Victorian interiors and building new galleries. In September 2010 an international design competition was launched for the Exhibition Road project and was won by Amanda Levete Architects (AL_A).

In addition, the V&A has continued to be involved in the Exhibition Road scheme to transform the local area working with other institutions including the Royal Borough of Kensington and Chelsea, Westminster City Council and the Mayor of London.

Acquisitions

The V&A has 2.1 million objects, archives and library items in its collections. Continually increasing the V&A's collections is essential to maintaining the Museum's status as the world's leading museum of art and design. It is important that the collections represent the best of historic and contemporary design and reflect changing societies.

During 2010-11, the V&A acquired over 7,000 objects. Over 4,000 of these objects were donated, a significant amount of which were to the Word and Image Department and archives.

The cost of objects purchased was £1.8m, funded from self generated income and external funding sources such as The Art Fund, the Friends of the V&A, National Heritage Memorial Fund (NHMF) and private donations.

The V&A strives to collect the best of contemporary art and design, and continues to build on historic and cultural collections. Acquisition highlights for 2010/11 demonstrate the breadth of recent V&A collecting:

- Ottoman gem-set jade tankard, c.1550 to 1650 with 19th century mounts: a tankard and lid decorated with gold wire inlay and rubies and emeralds in raised collets, with decoration on the main body of three sprays of floral stems inlaid in gold, the blooms formed of gemstone settings.
- Sir Edwin Landseer, eleven sheets of ecorché drawings of dogs and cats, made between 1817 and 1821: These sheets representing the muscles and bone structure of dogs and cats are the brilliant results of Landseer's early researches, made when he was still in his teens, and document his attainment of knowledge.
- The Edwin Davies Gift of Japanese cloisonné enamels: a fine collection of 89 Japanese cloisonné enamels, mostly from the 'Golden Age' (c.1880-1910). The V&A collection of cloisonné enamels is now the largest and most comprehensive in any world museum outside of the USA.
- Costume worn by Rudolf Nureyev, Design by Carl Toms: worn by Nureyev as Prince Siegfried in Act 3 of Swan Lake, Royal Ballet at the Royal Opera House, Covent Garden, 1963.
- Bel Air Chair, Peter Shire, 1984 : The iconic Bel Air Chair was the most important contribution of the American designer and ceramist Peter Shire to the Italian design group Memphis. The chair is pure postmodernism: bright colours, cartoon forms, and witty quotations. This chair will feature in the exhibition *PostModernism: Style and Subversion 1970-1990*.
- Micky Mouse rocker by Lines Bros 1937-38: A child's rocker, depicting a 'ride on' Micky Mouse, produced by the British toy company, Lines Bros. under their Tri-ang toys trade name. It first appeared in their 1937-38 product catalogue however, production ceased during the war, making this potentially a limited edition piece and an unusual acquisition.
- Alexander McQueen, Autumn/ Winter 2010-11: This ready-to-wear ensemble is from Alexander McQueen's last collection, Autumn/Winter 2010-11. The silk-jacquard dress, crystal-studded ankle boots and knuckle-duster clutch bag are of a high-quality finish and reflect McQueen's preoccupation with death. The dress incorporates imagery from Hieronymus Bosch; the trademark shoes incorporate skulls, while the ring clutch melds jewellery and function.

The World's Leading Museum of Art and Design

Research

Research and scholarship underpin everything the V&A does, from redesigning its website, devising new galleries and advising on government export licences, to producing influential exhibitions and running international conferences. Research is widely accessible to our audiences, in the galleries, on the website, in our public programme, in books, articles, lectures and conferences, handling sessions and collaborative projects. The V&A offers services such as monthly Opinions afternoons, where the public can have their own objects identified by curators.

The V&A publishes a comprehensive range of academic books intended both to disseminate knowledge and inspire creative practitioners. In 2010-11 V&A Publications published 27 books. In addition V&A staff published 30 articles in peer-reviewed journals.

The V&A holds many conferences, lectures and workshops on a diverse range of subjects. The conference *Mapping the Practice and Profession of Sculpture in Britain and Ireland 1851-1951* in February 2011 was an outcome of a three-year research project by the V&A, Glasgow University and the Henry Moore Institute in Leeds. The project also culminated in a display at the V&A and a database available on the web and as a mobile app.

The V&A uses its international networks to develop and spread knowledge, and strengthen its reputation as a centre of academic excellence. In 2010-11 the V&A had 15 research fellowships and exchanges (12 into the V&A and 3 out of the V&A).

In 2010-11 the V&A had 18 AHRC collaborative PhD studentships with various universities. The V&A's Research Department jointly runs the V&A/RCA MA in Design History – a two-year Master's degree programme with the School of Humanities at the Royal College of Art. In 2010-11 49 postgraduate students were on joint programmes with the Royal College of Art.

National and International

Touring Exhibitions

The V&A continued to expand its programme of touring exhibitions as a means of sharing its collections and expertise, of raising revenue, and of promoting the Museum, London and the UK.

	Total	UK	Overseas
Visits	2,007,200	464,300	1,542,900
Exhibitions*	17	7	11
Venues	30	13	17

*One exhibition toured to both UK and overseas venues which explains why the UK and Overseas numbers of exhibitions don't add up to the total.

Loans

The V&A lends objects to more venues in the UK than any other national museum. Short-term loans are usually for temporary exhibitions organised by other institutions. Long-term loans, of which most are within the UK, are usually made when an object has particular significance to a venue or locality. A number of objects from the Museum's collection of musical instruments have been loaned to the Horniman Museum for the exhibition *The Art of Harmony* which opened on 26 March 2011.

The figures are given below; these do not include the objects, or venues, for V&A touring exhibitions.

		Total	UK	Overseas
Number of objects	Short-term	910	308	602
	Long-term	1,702	1,653	49
	Total	2,612	1,961	651
Number of venues		333	228	105

International Strategy

The V&A considers international work to be a key strategic priority. Links with museums and scholars around the world allow us to learn more about the V&A's collections, many of which have international origins. The V&A's international activities enhance the Museum's reputation and profile and help promote Britain abroad. Some strands of international activity generate income e.g. touring exhibitions, online trading and licensing.

International Touring Exhibitions

Title	Venue	Dates	No. of Visits
<i>Hats: An Anthology by Stephen Jones</i>	Queensland Art Gallery, Brisbane	27 Mar – 27 Jun 10	249,800
<i>Indian Life and Landscape by Western Artists: Paintings and Drawings from the V&A 1790 – 1927</i>	National Gallery of Modern Art, Bangalore	9 Apr – 23 May 10	2,700
<i>Jameel Prize for Contemporary Islamic Art</i>	National Museum, Damascus	13 Apr – 19 May 10	6,400
	Beiteddine Palace, Lebanon	26 Jun – 13 Aug 10	15,000
	Sharjah Museum of Islamic Civilization	15 Sep – 24 Oct 10	9,200
	Sakip Sabanci Museum, Istanbul	12 Nov 10 – 9 Jan 11	14,400
	La Villa des Arts, Casablanca	28 Jan – 26 Feb 11	2,400
<i>Maharaja: The Splendour of India's Royal Courts</i>	Kunsthalle der Hypo-Kulturstiftung, Munich	12 Dec 09 – 23 May 10	153,000
	Art Gallery of Ontario, Toronto	20 Nov 10 – 3 Apr 11	162,700
<i>The Golden Age of Couture: Paris and London 1947-1957</i>	Frist Center for the Visual Arts, Nashville	18 Jun 10 – 12 Sep 10	97,600
<i>Olympic Posters</i>	Dr Bhau Daji Lad, Mumbai	4 Feb 11 – 13 Mar 11	27,300
<i>Owen Jones: Islamic design, discovery and vision</i>	Nasjonalmuseet for Kunst, Arkitektur, og Design, Oslo	29 Jan 11 – 1 May 11	6,400
<i>Something that I'll never really see. Contemporary Photography from the V&A (India Tour)</i>	Dr Bhau Daji Lad, Mumbai	17 Nov 10 – 9 Jan 11	13,800
<i>Decode</i>	CAFA Art Museum, Beijing	13 Oct – 21 Nov 10	15,600
	The GARAGE CCC, Moscow	11 Feb – 10 Apr 11	61,700
<i>Constable: Oil Sketches from the Victoria and Albert Museum</i>	Kumu Art Museum, Tallinn, Estonia	23 Sep 10 – 23 Jan 11	22,000
<i>India: the Art of the Temple</i>	Shanghai Musuem	4 Aug – 14 Nov 10	682,900
Total			1,542,900

In January the Museum's International Strategy was given a major boost with a generous grant from the Bonita Trust to develop our partnerships with Indian museums. This follows the signing of a State-to-State cultural agreement between the UK and India, and a Memorandum of Understanding with the Indian Ministry of Culture. The V&A also continued to host research fellowships for Nehru scholars for up to three months. To mark the opening of *Chinese Imperial Robes from the Forbidden City* in November 2010, the V&A signed a Memorandum of Understanding with the Palace Museum, Beijing.

Because of its unique links to the Great Exhibition of 1851, the V&A was actively involved with the Shanghai World Expo 2010 (30 April–31 October 2010). Nearly 200 nations and international organisations took part and the Expo was visited by 70 million people from China and abroad. The V&A worked closely with the Shanghai Expo Bureau, the Shanghai Museum and the Bureau International des Expositions on the inaugural exhibition at the new Expo Museum, which traces the history of international expositions. V&A Director Sir Mark Jones acted as an advisor to the Foreign and Commonwealth Office on the British Pavilion at the Shanghai Expo. Designed by Thomas Heatherwick, the *Seed Cathedral* received up to 45,000 visitors per day during the Expo. The pavilion won the Expo's Gold Medal for Design in the large pavilion category and also won the 2010 RIBA Lubetkin Prize. The Museum has acquired nine rods from the pavilion for its collection.

Two new foreign-language websites were launched for Chinese and Japanese audiences respectively, helping to meet the Museum's ambition of an improved web presence for international audiences. The sites respond to areas of interest in the V&A identified through market research commissioned in China and Japan.

In the spring of 2010, five artists participated in an international artist exchange between Bangladesh, India and the UK. They spent time in each other's countries exploring both rural and urban settings. The Sense of Place display at the Museum of Childhood looks at the impact their journeys made and features metalwork, rickshaw painting, works on paper, fine art, and textile pieces inspired by the Museum's collections.

UK Strategy

National working continued to be a priority for the V&A to ensure that its collections, scholarship and expertise were as accessible to as many people as possible throughout the UK. The V&A's UK work is achieved via formal and informal networks and partnerships and is truly embedded in the Museum. V&A staff give talks and lectures throughout the UK, they provide training to other organisations, are members of boards, committees and subject specialist networks and provide advice. Collaboration with external colleagues is an integral way of working in many areas: on acquisition, peer reviews of collections and research projects.

In 2010/11, the V&A/MLA Purchase Grant Fund, which is managed by the V&A, supported 143 acquisitions by 78 museums, archives and libraries across England and Wales. Its modest budget of £900,000 enabled purchases to the value of £3.4 million to go ahead. These ranged from Bronze Age jewellery to contemporary ceramics; from Pugin pokers to a film screenplay of *Jane Eyre*. The work of the Fund also stimulates the exchange of curatorial knowledge and research.

Design For Life is a national project led by the V&A in partnership with Action for Children and five regional museums and galleries. Funded by Strategic Commissioning, the project develops new ways of engaging young people in design and provides them with opportunities to work alongside professional designers and to gain inspiration from museum collections. The work produced for the *Design for Life* project by young people from Bolton, Brighton & Hove, Manchester, Newcastle, Gateshead and Sheffield was exhibited at the V&A from 26 April to 6 June 2010.

UK Touring Exhibitions

Title	Venue	Dates	No. of Visits
A Century of Olympic Posters	Sutton Central Library	1 Sep – 31 Oct 10	118,100
Street Art	The Herbert, Coventry	9 Oct 10 – 16 Jan 11	15,600
	The Civic, Barnsley	28 Jan – 20 Mar 11	2,000
Space Age: Exploration, Design and Popular Culture	South Shields Museum, Newcastle	20 Feb – 16 May 10	37,100
	New Walk Museum, Leicester	29 May – 29 Aug 10	62,500

Title	Venue	Dates	No. of Visits
The Birth of British Rock: Photographs by Harry Hammond	Portsmouth City Museum	1 Feb – 6 Jun 10	22,000
	Leamington Spa Art Gallery and Museum	1 Jul – 5 Sep	24,000
	Pocklington Arts Centre, York	10 Oct – 11 Nov 10	900
	The Lowry, Salford	15 Jan – 10 Apr 11	22,900
Reg Wilson: Capturing the Moment	Playhouse Theatre	1 Apr – 12 Aug 10	10,000
My Generation: The Glory Years of British Rock, Photographs by Harry Goodwin	Grundy Art Gallery, Blackpool	24 Sep – 13 Nov 10	5,700
	Wales Millennium Centre, Cardiff	9 Dec 10 – 31 Jan 11	80,200
The Half: Photographs by Simon Annand	The Playhouse Theatre, London	4 Aug 10 – 5 Jan 11	63,300
Total			464,300

The V&A at Dundee, a project run by Design Dundee Limited, a charitable company comprising partners from the Universities of Abertay and Dundee, Dundee City Council, Scottish Enterprise and the V&A, will build a centre for design in Scotland. Over 120 architects from across the world entered the architectural design competition from which six practices were shortlisted. Their designs were shown in Dundee, Glasgow, Edinburgh and London. In November 2010 the design by Tokyo-based architects Kengo Kuma and Associates, described as spectacular, elegant and practical, was selected by the jury panel as the choice for the V&A at Dundee. Kuma's building provides a poetic response to the waterfront site and offers fantastic spaces to exhibit historic and contemporary design. In January 2011 the Scottish Government announced an initial grant of £4.8m for the project over the next two years.

Development of the UK Creative Economy

Showcasing the best contemporary art and design and making it accessible to all was one of the founding missions of the V&A, and this aim is still at the heart of the Museum. In 2010-11 28% of the V&A's total audience were either creative industry practitioners or students studying related subjects. This equates to 746,400 visits. Throughout the year V&A exhibitions, displays, installations, events and publications brought some of the best contemporary art and design to a wide audience. It is central to our mission that the V&A continues to inspire new generations of makers and consumers, contributing to the success and growth of the UK creative economy.

While all of the V&A's programmes are about creativity in art and design, some events may be aimed specifically at creative industries audiences or be especially effective in showcasing the work of contemporary practitioners. The list of examples below is not comprehensive.

Exhibitions and Displays (V&A South Kensington)

- *Decode: Digital Design Sensations*, 8 December 2009 – 11 April 2010, 94,500 visits
- *Grace Kelly: Style Icon*, 17 April – 26 September 2010, 211,200 visits.
- *1:1 Architects Build Small Spaces*, 15 June – 30 August 2010, 139,600 visits.
- *Shadow Catchers: Camera-less Photography*, 13 October 2010 – 20 February 2011, 62,000 visits
- *The Architecture of Hope: Maggie's Cancer Caring Centres*, 26 February – 8 May 2011
- *Magic Lantern by Mat Collishaw*, 26 November 2010 – 27 March 2011
- *Inspired by... 2010*, 2 October – 21 November 2010
- *V&A Illustration Awards 2010*, 22 June 2010 – 5 January 2011

Exhibitions and Displays (V&A Museum of Childhood)

- *Doll Face*, 3 September 2010 – 27 March 2011
- *Institute of Play*, 6 November 2010 – 13 March 2011
- *Cut it, Fold it: Build it with Paper*, 9 October 2010 – 9 January 2011

Touring Exhibitions

- See pages 7 and 8.

Fashion in Motion

- These free full-scale catwalk shows continue to be extremely popular. In 2010-11 the featured designers were Osman Yousefzada, KENZO and Stéphane Rolland.

London Design Festival

- The V&A hosted the 2010 London Design Festival, 18–26 September 2010. The V&A became the Hub for London's annual festival of contemporary design. It was a successful and exciting collaboration that brought the contemporary design world to the heart of the V&A. As the Festival Hub, the V&A was the first point of call for many visitors. The Sackler Centre was also home to the Design Embassy where international design and business delegates met, mingled, conducted business meetings and enjoyed the beautiful and inspiring surroundings of the museum. Highlights included: displays and installations throughout the V&A e.g. *Innovation Greenhouse* in the tunnel entrance and *Blow and Roll* in the Madjeski Garden; daily FT Breakfast Talks on the business of design; designer talks and tours; gallery talks by V&A curators; drop-in events in the Sackler Centre studios.

Learning (South Kensington)

- Creative Quarter: an insight into the creative industries for 13-19 year olds. At this free one-day event, students have the opportunity to meet professionals within the creative industries, take part in workshops, drop-in activities, talks and demonstrations.
- DesignLab: this series of workshops allows students to respond to briefs set by creative industry practitioners e.g. jewellery, animation, print design etc.
- ArchiLab: this series of workshops allow students to explore the V&A and RIBA architectural collections.
- TheatreLab: these workshops allowed students to explore the creative process of performance.
- Drop-in Design: A popular programme for families.
- Friday night Lecture Theatre Programme of talks featuring renowned designers, artists, writers and critics e.g. Alain de Botton, A. S. Byatt, Edmund de Waal, Renzo Piano, Jurgen Teller, Julien Macdonald and Philip Treacy.
- Create! This programme of workshops, courses, and events for 11-19 year olds included design workshops and activities on digital, creative design, theatre set, costume and graphic design.

Friday Late programme

Held on the last Friday of every month (except December), when the museum is open from 10am to 10pm, Friday Late includes a mixture of live performances, cutting edge fashion, debates, one-off displays, special guests, bar and food, guest DJs, and late-night exhibition opening. Admission is free to the museum, although some events may be ticketed. Friday Lates attract on average 2,300 visits (entering the V&A after 7.30pm). Examples of the 2010-11 programme include:

- Escape (June 2010): Celebrating the exhibition *1:1 – Architects Build Small Spaces*, the V&A collaborated with The Architecture Foundation for an evening of workshops and installations, special screenings and intimate talks around design and architecture, to coincide with the city-wide London Festival of Architecture.
- Summer Camp (July 2010): a two-day celebration of the virtues of self-reliance and resourcefulness that can come through design and making. Featured a sleepover at the Serpentine Gallery Pavilion designed by Jean Nouvel.
- Catching Shadows (October 2010): An evening of performances and installations, talks and film screenings exploring the process of 'camera-less' photography.

Museum Residency Programme

This programme gives designers, artists, writers and makers the opportunity to have a studio in the V&A's Sackler Centre for Arts Education or the Ceramics Galleries. 2010-11 saw residencies by the following artists:

- Automata Artist in Residence: Laurence Kavanagh.
- Fashion Designer in Residence: Juliana Sissons.
- Photography Artist in Residence: Bettina von Zwehl.
- Poetry Artist in Residence: Sophie Robinson.
- Ceramics Artist in Residence: Phoebe Cummings.

Commissions and other work with practitioners from the creative industries

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

- The V&A commissions top architects and designers for its FuturePlan developments and activities including: OPERA Amsterdam for the Ceramics Study Galleries (Ceramics Phase 2); Timorous Beasties for the refurbishment of the Board Room; Pippa Nissen Design Studio for the refurbishment of the Lecture Theatre.
- Over the past year V&A Design have worked on a number of FuturePlan projects including: Sculpture in Europe 1300 – 1600; refurbishment of Gallery 47, Asia.
- As plans for FuturePlan Phase 2 develop the V&A has appointed a number of architects to progress designs. These include: Amanda Levet Architects for Exhibition Road; 6a Architects for the renovation of Gallery 40, Fashion; Haworth Tompkins for the Clothworkers' Centre for Textiles and Fashion Study and Conservation at Blythe House; NORD Architecture for the Furniture Galleries; Metaphor and Julian Harrap Architects for the refurbishment of the historic Cast Courts.
- Awards that the V&A has won in 2010-11 include: The Medieval and Renaissance Galleries won the Design Week 2011 award; and the Civic Trust Award 2011.
- The V&A has been short listed for the European Museum of the year Award 2011.
- V&A Enterprises is an important contributor to fulfilling the Museum's mission for working with and inspiring creative design. It works with a number of artists and designers to develop new product ranges for its shop and through licensing. V&A Images are active in supporting the creative industries. V&A Publishing launched 27 new titles, four new paperback editions, and 16 reprints.

Contemporary Commissions

- In 2010-11 the V&A commissioned, as part of the exhibition *1:1 – Architects Build Small Spaces*, seven architects to construct immersive spaces to be located in throughout the Museum. The architects were Helen & Hard (Norway), Rintala Eggertsson (Norway), Terunobu Fujimori (Japan), Studio Mumbai (India), Sou Fujimoto (Japan), Rural Studio (USA) and Vazio S/A (Brazil).
- In 2010-11 the V&A commissioned a number of contemporary commissions and installations: Paul Cockshedge's *A Gust of Wind*, for the September 2010 Friday Late, 'Two's a Pair'; Floris Neusüss' lattice window at Lacock Abbey, for the exhibition *Shadow Catchers: Camera-less Photography*; Troika's *Palindrome*, a new sign for the tunnel entrance; Mat Collishaw's *Magic Lantern*; Onkar Kular's and Noam Toran's installation *I Cling to Virtue* for the London Design Festival.

First Thursdays

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

Efficiency and Effectiveness

The V&A aims to deliver good value for money across all areas of activity. Opportunities for income generation are maximised and operational and capital costs are minimised by constant scrutiny for efficiency and best value. Digital technology is consistently and proactively used to improve efficiency. The V&A actively seeks areas of its business that could be made more efficient by joint working e.g. with other museums.

Grant in Aid (GiA) per actual visit to all V&A sites was £14.54 for 2010-11 compared to £16.30 for 2009-10. It should be noted that GiA per user (actual visits to V&A sites + visits to V&A touring exhibitions + web visits) was £1.48.

Market research surveys showed that at the V&A South Kensington and the Museum of Childhood 99% of visitors said that they would recommend a visit. 97% of visitors to V&A South Kensington and 98% of visitors to the Museum of Childhood rated their overall visit as either 'excellent' or 'good'.

Income Generation

V&A Enterprises

2010-11 was a superb year in trading terms for the V&A, both within the Museum and internationally, with V&A Enterprises able to return its highest-ever profits as a gift-in-aid payment to the Museum. The footfall driven by popular exhibitions such as *Grace Kelly: Style Icon* and *Quilts 1700-2010* drove sales of exhibition-related material and helped achieve record trading figures for the main shop. Over 25,000 metres of exclusively commissioned fabric was sold through the *Quilts* exhibition store, achieving £1.2 million, while the fashion collection for *Diaghilev and the Golden Age of the Ballets Russes, 1909-1929* featured collaborations with big names such as Erdem Moralioglu and Tata Naka. Further afield, V&A Enterprises achieved its highest ever number of licensed products in retailers across the UK. International licensing continued to be strong, with new licensees in the USA and the Middle East. V&A Enterprises has won acclaim for its trading, publishing, and licensing and online sales via vandashop.com are the most successful in the sector, with a 44% increase in performance year on year. This year V&A Publishing published a range of 30 new titles, and worked in 15 foreign languages, selling rights for titles in Polish, Catalan and Russian for the first time and achieving sales of over £2m.

Fundraising

With cuts in GiA, the Museum's reliance on the generosity of donors and grant-giving bodies is increasing. During the year significant contributions were pledged towards planned FuturePlan projects by private foundations and The Heritage Lottery Fund. Fundraising received in the year amounted to £8.01m and objects valued at £4.97m were donated to the Museum's Collections in the year. An increased focus on legacy giving resulted in a number of significant gifts in the year.

Sustainability

Saving energy is a priority for the V&A. The Museum is pioneering new low energy methods to create the right environmental conditions to preserve its collections. Recent FuturePlan gallery redevelopments optimise the use of daylight and control the environment by minimising solar gain, using intelligent ventilation and heating strategies, without humidification or cooling plant.

During the year the V&A continued to participate in sustainability discussions via the Bizot group of international museum directors. Topics included building and refurbishing museums and galleries using low energy methods to create the right environmental conditions to preserve the collections and revising guidelines for the use of couriers when loaning objects.

The Museum's success in reducing its carbon footprint was recognised with a Platinum Green 500 Award in 2010, building on the success of the Gold Award it won in 2009.

DCMS Performance Indicators

DCMS requires the V&A to report the performance indicators in the following table as part of the V&A's Funding Agreement.

Performance indicator	2010-11	2009-10
Number of visits to the Museum	3,049,000	2,746,000
<i>V&A South Kensington</i>	2,619,600	2,351,300
<i>V&A Museum of Childhood</i>	422,600	391,800
<i>V&A Blythe House</i>	6,800	2,900
Number of children aged 16 and under attending Museum sites	378,200	402,000
<i>V&A South Kensington</i>	183,100	211,100
<i>V&A Museum of Childhood</i>	195,100	190,900
Number of facilitated and self-directed visits to the museum/gallery by children under 16 in formal education	100,700	101,300
<i>V&A South Kensington</i>	51,100	53,100
<i>V&A Museum of Childhood</i>	49,600	48,200
Number of instances of children under 16 participating in onsite organised activities	114,200	90,900
<i>V&A South Kensington</i>	49,600	35,800
<i>V&A Museum of Childhood</i>	64,600	55,100
Number of instances of children under 16 participating in outreach activities outside the museum	1,000	1,900
Number of instances of adults aged 16 and over participating in organised activities at the museum/gallery	159,000	163,500
<i>V&A South Kensington</i>	129,700	141,400
<i>V&A Museum of Childhood</i>	29,300	22,100
Number of instances of adults aged 16 and over participating in outreach activities outside the museum	1,600	2,000
Number and % of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	156,600 10% of UK adults	129,900 11% of UK adults
<i>V&A South Kensington</i>	124,600 9% of UK adults	102,300 9% of UK adults
<i>V&A Museum of Childhood</i>	32,000 14% of UK adults	27,600 16% of UK adults
Number and % of visits by UK adult visitors aged 16 and over from an ethnic minority background	212,200 13% of UK adults	165,400 13% of UK adults
<i>V&A South Kensington</i>	174,000 13% of UK adults	141,900 13% of UK adults
<i>V&A Museum of Childhood</i>	38,200 17% of UK adults	23,500 14% of UK adults
Number and % of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	76,300 5% of UK adults	37,200 3% of UK adults
<i>V&A South Kensington</i>	61,600	26,900
<i>V&A Museum of Childhood</i>	14,700	10,300
Number of unique web visits	24,976,400	20,582,800
% of visitors who would recommend a visit	99%	99%
<i>V&A South Kensington</i>	99%	99%
<i>V&A Museum of Childhood</i>	99%	99%
Number of UK Loan Venues	241	254
Number of loan venues (UK and Overseas)	363	354
Self generated income	£31,430,000	£33,462,000

Forward Plan

In March 2011 the V&A's Board of Trustees and Management Board approved a new Strategic Plan for 2011-12 which covers a four year time frame.

The majority of the Museum's activity in 2011-12 will be largely similar to that detailed in the previous pages for 2010-11. However, there will undoubtedly be an impact on what the Museum is able to do given funding constraints. The following list details some of the key plans for 2011-12 (it is not a comprehensive list):

Visitors

The V&A aims to attract 4,320,000 visits to its collections (2,500,000 to V&A South Kensington, 420,000 to the Museum of Childhood and 1,400,000 visits to touring exhibitions).

Exhibitions and Displays

The V&A will deliver a wide ranging programme of exhibitions and displays including:

V&A South Kensington: *Yohji Yamamoto*, 12 March – 10 July 2011; *The Cult of Beauty*, 2 April – 17 July 2011; *Figures and Fictions*, 12 April – 17 July 2011; *The Power of Making*, 6 September 2011 – 2 January 2012; *Post-Modernism: Design 1970 – 1990*, 24 September 2011 – 15 January 2012; *Cecil Beaton: Queen Elizabeth II A Diamond Jubilee Celebration*, 7 February – 22 April 2012

V&A Museum of Childhood: *Food Glorious Food*, 29 January – 25 April 2011; *From the Tiger Who came to Tea to Mog and the Pink Rabbit*, 28 May – 4 September 2011; *Magic Worlds*, 8 October 2011 – 4 March 2012

Learning

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

FuturePlan Phase 2

In 2011-12 the following projects will be completed: Asia (Gallery 47); Photographs (Gallery 100); cleaning of the Henry Cole Wing courtyard façades. The V&A will continue to progress its FuturePlan Phase 2 projects including: Fashion (Gallery 40); Furniture (Galleries 133-135); Cast Courts (Galleries 46 and 46b); The Clothworkers' Centre for Textiles and Fashion Study and Conservation; Europe 1600-1800, (Galleries 1-7); Exhibition Road project (2015); and Phase 3 of the redevelopment of the Museum of Childhood.

Digital Initiatives

Following the successful launch of the new website in May 2011 the site will continue to be developed to keep the user experience current and inspiring. During 2011 the Museum of Childhood website will be re-designed and the portfolio of foreign language websites will be extended to include India.

UK and International Activity

The V&A will sustain and develop new international relationships with key partners in the UK and overseas including continuing to tour a wide range of exhibitions, international co-operative exhibitions and major loans.

Structure, Governance & Management

The V&A is governed by the National Heritage Act 1983. The Act was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum. The V&A is a non-departmental public body (NDPB) sponsored by the DCMS, and is a charity exempt from registration under the Charities Act of 1993. Its investments are governed by the Trustee Act 2000.

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

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

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2011 there were 12 Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. However, under the rules laid down by the Commissioner for Public Appointments, Trustees are restricted to serving two terms or a maximum period of ten years. Trustees are not remunerated but are able to claim expenses. A Register of Trustees Interests is maintained by the Museum.

Board of Trustees

Name	Term expires
Paul Ruddock (Chair)	01/11/11
David Adjaye OBE	(until 31 December 2010)
Edwin Davies OBE	01/02/14
Tom Dixon OBE	(until 31 October 2010)
Betty Jackson CBE	06/12/12
Professor Lisa Jardine CBE	17/12/11
Steve McGuckin	14/09/12
Erin O'Connor	14/09/11
Michelle Ogundehin	14/09/11
The Rt Hon Sir Timothy Sainsbury	17/12/11
Dame Marjorie Scardino DBE	06/02/12
Samir Shah OBE	06/12/12
Robert Stefanowski	14/09/11
Dr Paul Thompson	(ex officio as Rector of the RCA)
Andrew Hochhauser QC (appointed 20 May 2011)	20/05/15
Sir John Sorrell CBE (appointed 20 May 2011)	20/05/15

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

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

Committees of the Board of Trustees

Committee	Chair
Audit	Dame Marjorie Scardino DBE
Buildings Strategy	Steve McGuckin
Collections	Professor Lisa Jardine CBE
Development	The Rt Hon Sir Timothy Sainsbury
Finance	Robert Stefanowski
Investment	Robert Stefanowski
Museum of Childhood	Samir Shah OBE
Remuneration	Paul Ruddock

Although it is not a formal committee of the Board of Trustees, updates from VAE Board meetings are reported to Trustees at Board meetings.

Audit Committee at April 2011

Dame Marjorie Scardino DBE	(Chair)
Joao Baptista	Co-opted member
Richard Reid	Co-opted member
Paul Ruddock	
Samir Shah OBE	

The primary decision-making body of the V&A is the Management Board, comprising 19 senior staff members and chaired by the Director. Sir Mark Jones will retire as Director of the V&A on 30 June 2011. Professor Martin Roth will take up the position from 1 September 2011.

V&A Management Board at April 2011

Sir Mark Jones, Director of the V&A (Chair)
 Emmajane Avery, Head of Department of Learning
 Kate Bellamy, Head of International Strategy
 Julius Bryant, Keeper, Word & Image
 Gail Durbin, Head of Online Museum
 Moira Gemmill, Director of Design
 Rhian Harris, Director, Museum of Childhood
 Allan Hill, Head of Human Resources
 Anna Jackson, Keeper, Asia
 Jane Lawson, Director of Development
 Geoffrey Marsh, Director, Theatre and Performance Collections
 Beth McKillop, Deputy Director
 Jo Prosser, Commercial Director
 Vernon Rapley, Head of Security & Visitor Services
 Sue Ridley, Director of Collections Services
 Damien Whitmore, Director of Public Affairs and Programming
 Christopher Wilk, Keeper, Furniture, Textiles & Fashion
 Sian Williams, Director of Finance
 Paul Williamson, Keeper, Sculpture, Metalwork, Ceramics & Glass

Committees of the Management Board

Committee	Chair
Resource Group	Director
Access, Inclusion & Diversity Group	Director Public Affairs and Programming
Collections Group	Deputy Director
Digital FuturePlan Group	Director
Education Programmes Group	Deputy Director
FuturePlan Steering Group	Director
International Steering Group	Deputy Director
Publications Advisory Group	Commercial Director
Public Programme Group	Director
Safety and Security Committee	Director of Development
Sustainability Group	Director of Design
Staffing Committee	Director
UK Steering Group	Deputy Director

Employee Engagement

The V&A communicates and consults with staff in many ways:

Staff Engagement Programme

A coordinated group of ongoing projects and new initiatives designed to keep staff up-to-date on developments and museum plans, improve communication between departments, enable staff to understand what the V&A does and the role they play in its success, facilitate communication between staff and management and troubleshoot problem areas. The programme is also designed specifically to solicit staff ideas and feedback.

Activities include:

- Staff forum – representatives from every department meeting every two months;
- Internal communications projects, including development of internal communication channels and management/staff meetings;
- HR and Training projects;
- Staff surveys including wellbeing survey and internal communications surveys;
- Addressing matters arising in the staff forums or generally.

Internal communication channels

A variety of channels are used to communicate with staff including:

- Staff Update – sent to all staff once a month;
- Intranet – including daily news, work and departmental information, staff contact details;
- Management Board Bulletin – key outcomes emailed out immediately after regular senior management meetings;
- All staff meetings – run quarterly with Director's update and presentations from different museum departments;
- V&A Strategic Plan made available to all staff electronically or in hard copy;
- Team meetings;
- Management Board minutes posted on the Intranet;
- Trustee Board minutes posted on the Intranet.

Consultation with trade unions

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

Policy in Relation to Disabled Employees

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and the V&A's Senior Management Team continues to make a significant commitment to disability, taking an integrated approach to both audiences and staff.

- The V&A remains an employer that is Positive about Disabled People ("Two Ticks Symbol"). 6% of staff have declared themselves as having a disability.
- The Staff Disability Forum (SDF) meets regularly to consult with and involve staff interested in disability issues e.g. contributing to the development of the V&A's Stress and Psychological Wellbeing Policy. A mental health awareness-raising session for managers was piloted with the SDF and has now been rolled-out as part of the V&A's Line Manager programme. The V&A has strengthened its partnership with STATUS Employment – a charitable organisation that supports mental health service users who have been long-term unemployed, back into employment. A case management team comprising HR, Line Management and an employment support advisor from STATUS has resulted in the successful appointment and induction of a Gallery Assistant.
- The V&A commissioned a report from its Occupational Health Service provider regarding ergonomic issues specific to certain galleries raised by Visitor Services staff with disabilities and long term health conditions.

Employee absence due to sickness

The average number of sick-day absence is 7.33 days (2009-10: 7.48 days) which compares favourably with the public sector where, according to the Chartered Institute of Personnel and Development's 2009 Absence Management Survey, the average is 9.6 days. If long-term sickness (any absence over 3 weeks in duration) is excluded, the figure falls to 5.11 days (2009-10: 4.95 days).

Financial Review

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

Trading Companies

The Museum owns 100% of the issued share capital of V&A Enterprises Ltd. (VAE) which carries out trading operations on behalf of the Museum. For the year ended March 2011 VAE will contribute £1.9m (2009-10: £1.6m) to the Museum as a payment under Gift Aid.

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

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

Related Charities

The V&A has a close relationship with the Friends of the V&A (charity no. 272056), but does not have any control over its Board. Accordingly the results for the Friends of the V&A are not consolidated into the Museum's results.

Following a review of the status and operations of the Gilbert Trust for the Arts Ltd (charity no. 1055853), it has been concluded that its accounts should no longer be consolidated in the accounts of the Museum. Further detail is given in the accounting policies and notes.

Results for the year

High attendance figures for the year, particularly for the *Grace Kelly* exhibition meant that admissions income, donations and earnings from retail and catering areas were all above target, and contributed to an operational surplus for the year of £284k. This is particularly encouraging given the 3% in-year reduction to Grant in Aid (GiA) of £1,371,000.

The reduction in anticipated GiA necessitated a review of activity across the Museum to identify cost savings and increase income. Managing to deliver the Museum's objectives in future years will require continuing cost control, efficiency savings, trading income and a greater reliance on philanthropy and other fundraising.

This outcome is reconciled to the Statement of Financial Activities (see page 32) below.

Reconciliation of Operational Result to Financial Statements

	<i>Operational Activity</i>	<i>Designated Activity</i>	<i>Restricted Activity</i>	<i>Endowments</i>	<i>Fixed Assets</i>	<i>Heritage Assets</i>	<i>Total Activity</i>
	£000	£000	£000	£000	£000	£000	£000
Opening Reserves	597	8,103	3,933	5,274	343,613	43,825	405,345
Grant in Aid	44,318	–	–	–	–	–	44,318
Donated Assets	–	–	–	–	–	4,965	4,965
Self Generated Income	19,862	–	5,832	500	–	–	26,194
Investment income	13	31	10	217	–	–	271
Running Costs	(59,366)	(362)	(1,816)	(38)	–	–	(61,582)
Depreciation	–	–	–	–	(9,861)	–	(9,861)
Increase in Assets	(4,309)	(86)	(3,722)	–	6,288	1,829	–
Gains on Investments	–	492	507	(97)	–	–	902
Loss on revaluation of Fixed Assets	–	–	–	–	(5,364)	–	(5,364)
Transfers	(234)	159	75	–	–	–	–
Closing Reserves	881	8,337	4,819	5,856	334,676	50,619	405,188
Movement for the year	284	234	886	582	(8,937)	6,794	(157)

Fixed Assets

Capital expenditure in the year was relatively low at £6.7m (2009-10: £15.9m), now that the Medieval & Renaissance and Ceramics Galleries have been completed. This year the Sculpture in Europe 1300-1600 Gallery, and the refurbished Lecture Theatre were opened and work to clean the Exhibition Road façades was progressed. Also design and enabling works for the Textile & Fashion Study Centre, the Furniture Gallery, Fashion Gallery and Cast Courts refurbishments, and the Exhibition Road project commenced.

The depreciation charge for the year was £10.0m (2009-10: £11.1m). The fall is due to the lower valuation of the estate at the start of the year compared with 2010.

A full valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2009. At March 2011 this valuation has been updated by Gerald Eve on a desk top basis. V&A South Kensington was re-valued at £312.7m, the Museum of Childhood at Bethnal Green at £12.1m and the V&A portion of the site at Blythe House at £6.8m. The valuation is based on the depreciated replacement cost of the whole estate including related equipment. The downward movement in construction cost indices in the year has resulted in a decrease in the estimated replacement cost of the buildings therefore the accounts show a loss on revaluation of £5.4m (2009-10: £12.9m).

Heritage Assets

Spend on objects for the Collection amounted to £1.83m (2009-10: £2.95m) with a significant portion being funded from private donations. In addition objects, with a value of £4.97m (2009-10: £3.2m) were donated to the Museum in the year.

Reserves Policy

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

The GiA received from DCMS represented 59% of the Museum's income in the year. The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the Museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

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

Taking an overall view of the annual operational activities, the level of self generated income, GiA and planned capital investment, the Trustees believe that the minimum level of reserves should be £6.5m. This target level of reserves represents an assessment of the level of funds required to meet current capital commitments plus three to six months of the Museum's non GiA funded operating expenditure. It has increased (2010: £6.0m) to reflect falling GiA in future years, inflation projections and other economic pressures.

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

The Trustees have access to only the combined total of certain General and Designated funds whose value at 31 March 2011 is £9.0m (2010 £8.5m: see note 15). Of this amount £6.5m is held to meet the requirement for general reserves set out above. The remaining £2.5m is held for FuturePlan over the next two to three years.

Investment Policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of Group investments, long and short term, was £23.5m at 31 March 2011 (2010 £21.3m).

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

Fund	Overall objective	Performance objective (real return each year)	Actual net return (income+gain-costs)
Short Term Fund	To fund specific, restricted and designated spending, whilst preserving capital in real terms and achieving modest real returns over the holding period. Preservation of capital the highest priority. Investment timeframe of 12-18 months.	1.8%	£253,495 3.3%
Reserve Fund	To maintain the reserves of the V&A and to meet specific expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of five years.	5.3%	£406,233 5.8%
Endowments	To fund either the purchase of new collection items or to maintain existing collections for the V&A, whilst preserving capital in real terms with the potential for moderate real growth (consistent with the purposes of each underlying trust). Investment timeframe of ten years.	5.3%	£229,106 5.5%
Bollinger Endowment	To fund future renovations of the gallery allowing all fixtures & fittings to be kept current. To invest only in UK Government debt and/or to be invested by an external professional financial adviser with the highest priority being the preservation of capital. Investment timeframe of ten years.	1.6%	(£9,061) -0.1%

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

Payment Policy

The Museum settles all bills within 30 days or in accordance with the suppliers' terms of business. From a sample, we can estimate the average time for payment of invoices not subject to query was 29 days (2009-10: 30 days).

Political Gifts/Donations

The V&A makes no political gifts and as a charity does not normally make donations to other charities.

Personal Data

There have been no losses of personal data held by the Museum during the year.

Auditors' Disclosure and Remuneration

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

The audit fee paid to the National Audit Office was £44,000 (2009-10: £44,000). Additionally, a sum of £17,850 (2009-10: £15,900) was paid to auditors of other entities in the group including £1,850 (2009-10: £900) for non audit services.

Legal and Administrative Information

Principal Address

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Bankers

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

Solicitors

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

Investment Advisors

Partners Capital LLP
5 Young Street
London W8 5EH

Auditors-Internal

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Auditors-External

V&A Museum and Group

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

Trading Companies

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

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

Paul Ruddock – Trustee (Chair)

Samir Shah OBE – Trustee

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

Remuneration policy for senior managers

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

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

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

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

The Committee met in March 2011. As the salary levels of V&A senior managers are subject to the terms of the second year of the two year public sector pay freeze, the Committee restricted its deliberations to performance bonuses only for the performance year 2010.

Performance assessment and payment

When determining performance bonuses for 2010, the Committee took account of:

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

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. They account for a proportion of total remuneration, up to a maximum bonus percentage of 6.0% in the 2010 performance year, are non-consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

Policy on duration of contracts, notice periods and termination payments

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

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

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

Senior managers' remuneration disclosure (subject to audit)

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

The Director's and senior managers' emoluments and pension details for 2010-11 are shown in the table below. These members of staff have been included as they are members of the Museum's Resource Group and, hence, the key decision makers in the organisation. The monetary value of benefits-in-kind covers any benefits provided by

the employer and treated by the HM Revenue & Customs as a taxable emolument. There were no benefits-in-kind during the year and there were no additional emoluments paid other than those disclosed below.

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

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

	Total salary earned to 31 March 2011	Bonus Payable at 31 March 2011¹	Real increase in pension Related lump sum at age 60	Total accrued pension at age 60 at 31 March 2011 related lump sum	Cash equivalent transfer value at 31 March 2011²	Real increase IN CETV after adjustment for inflation and changes in market investment factors
	£	£	£	£	£	£
Sir Mark Jones, Director	140,188 (140,188)	25,001-30,000 (5,001-10,000)	No increase Nil	75,001-80,00 Nil	1,577,000 (1,471,000)	No increase
Beth McKillop, Deputy Director	88,021 (82,322)	0 - 5,000 (0 - 5,000)	0-5,000 5,000-10,000	30,001-35,000 100,001-110,000	709,000 (614,000)	47,000
Ian Blatchford, Deputy Director <i>*Left 31/10/10. Annualised salary of £111,067</i>	66,431* (111,067)	- (5,001-10,000)	0 - 5,000 Nil	20,001-25,000 Nil	276,000 (246,000)	5,000
Moira Gemmill, Director of Projects, Design & Estate	86,729 (84,392)	0 - 5,000 (0 - 5,000)	0 - 5,000 0 - 5,000	10,001-15,000 30,001-35,000	172,000 (142,000)	17,000
Damien Whitmore, Director of Public Affairs	93,841 (93,841)	0 - 5,000 (0 - 5,000)	0 - 5,000 0 - 5,000	20,001-25,000 70,001-75,000	390,000 (352,000)	6,000
Sian Williams, Director of Finance ³	91,614	0 - 5,000	0 - 5,000 Nil	0 - 5,000 Nil	45,000 (24,000)	17,000
David Anderson, Director of Learning and Interpretation <i>*Left 10/10/10. Annualised salary of £82,322</i>	50,677* (82,322)	- -	0 - 5,000 Nil	40,001-45,000 Nil	777,000 (727,000)	No increase

Figures in brackets are for prior year.

Cash Equivalent Transfer Values

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

¹ The bonus shown was accrued in the 2010/11 year, and paid in 2011/12.

² The actuarial factors used to calculate CETVs were changed in 2010/11. The CETV's at 31/3/10 and 31/3/11 have both been calculated using the new factors for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report, which was calculated using the previous factors.

³ Sian Williams joined Resource Group during the year, so no comparatives are given. The salary shown is for the full year.

pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

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

Exit packages (subject to audit)


Exit packages cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	– (–)	1 (1)	– (1)
£10,000 – £25,000	2 (1)	2 (2)	6 (3)
£25,000 – £50,000	– (1)	6 (1)	3 (2)
£50,000 – £100,000	– (1)	– –	1 (1)
Total number of exit packages	2 (4)	13 (6)	15 (10)
Total resource cost £	£46,522 (273,194)	£536,557 (£209,806)	£583,079 (483,000)

Figures in brackets are for prior year.

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



Sir Mark Jones
Director and Accounting Officer
29 June 2011



Paul Ruddock
Chair of Trustee Remuneration Committee
29 June 2011

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees), we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Museum's objectives. We do this whilst safeguarding public funds and the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under Managing Public Money.

The Museum has a funding agreement with its Government sponsor body, the DCMS, which sets out objectives for the Museum to assist the Department in meeting its priorities and to identify the most significant risks to achieving those objectives. Progress against those funding agreement objectives is monitored at least annually.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level consistent with the Museum's purpose and objectives. It is not designed to focus on elimination of risk. The system can, therefore, provide only reasonable and not absolute assurance of effectiveness. The system's approach is an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the V&A for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Compliance with the Security Policy Framework (guidance issued by the Cabinet Office) has also been confirmed where considered applicable to the Museum.

Role of the Audit Committee

The Trustees maintain an overview of internal control issues through the Audit Committee. This Committee plays a pivotal role in ensuring a sound control environment; its members make a wide range of experience and expertise available to the Museum by attending meetings and offering advice.

Membership of the Committee comprises three Trustees (one of whom chairs the Committee) and two external members especially qualified for membership through their professional experience. The Director and Director of Finance attend all meetings, as do representatives of the National Audit Office, and Internal Audit. The Committee may hold sessions with auditors alone or without management at any time, and does so at least once a year.

The risk and control framework

Monitoring of risk

The Museum has a well-worked out process for identifying and continually assessing risks to its ongoing operations and services to the public.

Identification and assessment of risk

The Museum has two risk registers: **Strategic** and **Operational**

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

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

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

Many of the risks to the Museum change with circumstances and time but for 2010-11 the major risks were:

- the funding environment: In response to difficult economic circumstances government policy resulted in reduced grant support during the year.
- the impact of the economy and events in London: This affected visitors to the Museum and thus Museum revenue, but it was mitigated by the strong public programme.
- world events, especially in the Middle East: These situations had the potential to affect on our ability to deliver planned touring exhibitions. One exhibition to Bahrain was cancelled, but the remainder of the programme went ahead as planned.

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

- the Management Board meets fortnightly to review all operational issues;
- the Trustees and senior management have agreed a Strategic Plan which outlines key short- and medium-term objectives and appropriate indicators, ensuring that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the Internal Auditor on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the External Auditors (National Audit Office) arising from their annual audit;
- the Finance Committee reviews the budget and financial management of the Museum;
- the Buildings Strategy Committee monitors the progress of large capital projects and the performance of management on Health and Safety issues;
- the Development Committee assesses the feasibility of fundraising targets (both revenue and capital) and donor relations and strives to reach those targets;
- the Collections Committee monitors key aspects of collections management and major acquisition and loan proposals;
- the Investment Committee provides oversight of Investment Policy and management of investment advisors; and
- the Remuneration Committee reviews compensation of all senior managers including staff employed by VAE.

Review of effectiveness

As Accounting Officer and Chair of the Audit Committee (on behalf of the Board of Trustees), we have joint responsibility for reviewing the effectiveness of the controls. Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and by audits and comments made by external auditors in their management letter and other reports.

Internal Audit

Internal Audit during 2010-11 was provided by Moore Stephens, a firm of accountants, working to standards defined in the Government Internal Audit Standards.

The annual internal audit plan is approved by the Audit Committee, and the Risk Registers are used to identify appropriate areas for investigation.

At regular intervals throughout the year, the Internal Auditors provide the Accounting Officer with reports generated from the internal audit plan and these are then presented to the Audit Committee. Such reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Museum's system of internal control during the report period, together with recommendations. The Internal Auditors also report on progress against recommendations made in previous financial years and provide an annual statement of assurance to the Accounting Officer and the Trustees based on their work performed during the year.

In 2010-11 the internal audit plan included reports on key financial controls, procurement, delegated authorities, information services, the catering franchise and risk management as well as following up on previous audit reports. The annual statement on assurance confirmed that the Internal Auditors can provide reasonable assurance on the effectiveness of the Museum's risk management, control and governance processes reviewed as part of the 2010-11 internal audit plan.

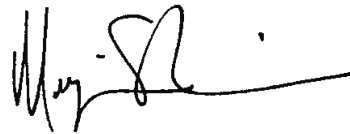
We have been advised on the implications of these reviews and a plan to address any weaknesses and ensure continuous improvement of the system is in place. No significant control weaknesses were identified in the year.

Executive management

Each member of the Executive Management Board provides an annual assurance statement confirming that all financial transactions and liabilities have been recorded and notified and also confirming that they will operate within the budget resources allocated for the forthcoming financial year.



Sir Mark Jones
Director and Accounting Officer
29 June 2011



Dame Marjorie Scardino DBE
Chair of Audit Committee
29 June 2011

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

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

Under ss.9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a Statement of Accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year. The Accounting Officer has taken the necessary steps to ensure that there is no relevant audit information of which the external auditors are unaware.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State for Culture, Olympics, Media and Sport*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Museum will continue in operation.

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



Sir Mark Jones
Director and Accounting Officer
29 June 2011



Paul Ruddock
Chairman of Trustees
29 June 2011

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

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

I certify that I have audited the financial statements of the Victoria and Albert Museum for the year ended 31 March 2011 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Victoria and Albert Museum's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State for directions made thereunder:

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Museums and Galleries Act 1992; and
- the information given in Introduction; Access to the Collections; The World's leading Museum of Art and Design ; Development of the UK creative economy; Efficiency and effectiveness, Forward Plan; Structure, Governance & Management and the Financial Review included within 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit.
- the Statement on Internal Control 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

30 June 2011

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

Consolidated Statement of Financial Activities for the year ended 31 March 2011

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2011 Total funds £'000	2010 Total funds £'000 Restated*
		£'000	£'000	£'000		
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid	2a	40,918	3,400	–	44,318	44,761
– Donations, legacies and similar income	2b	1,519	5,081	500	7,100	9,869
– Lottery income		–	484	–	484	3,313
– Donated objects	6	–	4,965	–	4,965	3,205
Activities for generating funds						
– Trading Income	8	12,686	–	–	12,686	10,539
– Sponsorship		415	37	–	452	1,054
Investment income	3	44	10	217	271	486
		<u>55,582</u>	<u>13,977</u>	<u>717</u>	<u>70,276</u>	<u>73,227</u>
<i>Incoming resources from charitable activities</i>						
Admissions & exhibition fees (incl loans & touring)		4,040	–	–	4,040	3,674
Other trading		735	–	–	735	431
		<u>4,775</u>	<u>–</u>	<u>–</u>	<u>4,775</u>	<u>4,105</u>
<i>Other Incoming resources</i>						
Other income		467	230	–	697	891
Total incoming resources		<u>60,824</u>	<u>14,207</u>	<u>717</u>	<u>75,748</u>	<u>78,223</u>
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income	5a	2,791	338	–	3,129	3,519
Trading costs	8	10,695	–	–	10,695	8,852
Investment management costs		65	72	38	175	36
		<u>13,551</u>	<u>410</u>	<u>38</u>	<u>13,999</u>	<u>12,407</u>
<i>Charitable Activities</i>						
Governance costs	5a	580	–	–	580	603
Total resources expended		<u>59,728</u>	<u>11,677</u>	<u>38</u>	<u>71,443</u>	<u>69,864</u>
Net incoming resources before transfers		<u>1,096</u>	<u>2,530</u>	<u>679</u>	<u>4,305</u>	<u>8,359</u>

*See note 21.

Consolidated Statement of Financial Activities for the year ended 31 March 2011 (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2011 Total funds £'000	2010 Total funds £'000 Restated*
		£'000	£'000	£'000	£'000	
Gross transfers between funds		(1,070)	1,070	–	–	–
Net incoming resources before other recognised gains and losses		26	3,600	679	4,305	8,359
Gains/(losses) on investment assets	7	492	507	(97)	902	1,532
Loss on revaluation of fixed assets for the charity's own use	6	–	(5,364)	–	(5,364)	(12,864)
Net movement in funds		518	(1,257)	582	(157)	(2,973)
Fund balances bfwd at 1 April 2010		9,049	391,022	5,274	405,345	408,318
Fund balances cfwd at 31 March 2011	14	9,567	389,765	5,856	405,188	405,345

*See note 21.

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

The notes on pages 36 to 54 form part of these financial statements.

Consolidated and Museum Balance Sheets for the year ended 31 March 2011

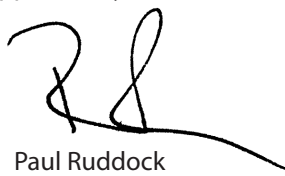
	Notes	Group 2011 £'000	Museum 2011 £'000	Group 2010 £'000	Museum 2010 £'000
Fixed assets					
Tangible assets	6a	335,127	334,676	343,836	343,614
Heritage assets	6b	50,619	50,619	43,825	43,825
Investments	7	14,586	14,789	13,762	13,965
		400,332	400,084	401,423	401,404
Debtors due after one year	9	-	1,025	-	1,025
Current assets					
Stock		2,241	-	1,535	-
Debtors due within one year	9	5,962	6,874	5,716	6,436
Short Term Investments	7	8,947	8,947	7,576	7,576
Cash		3,250	2,140	2,335	640
		20,400	17,961	17,162	14,652
Creditors due within one year	10	(11,903)	(10,222)	(9,882)	(8,356)
Provisions due within one year	12	(580)	(580)	(213)	(213)
Net current assets		7,917	7,159	7,067	6,083
Total assets less current liabilities					
		408,249	408,268	408,490	408,512
Creditors due after one year	10	(2,866)	(2,866)	(2,987)	(2,987)
Provisions due after one year	12	(195)	(195)	(158)	(158)
Net assets		405,188	405,207	405,345	405,367
Income funds					
<i>Designated funds</i>		8,686	8,705	8,452	8,474
<i>General funds</i>		881	881	597	597
<i>Total Unrestricted funds</i>	14	9,567	9,586	9,049	9,071
Restricted funds	14	317,962	317,963	313,855	313,855
Revaluation Reserve	14	71,803	71,802	77,167	77,167
<i>Total Restricted Funds</i>		389,765	389,765	391,022	391,022
Total Income funds		399,332	399,351	400,071	400,093
Endowment funds	14	5,856	5,856	5,274	5,274
Total funds		405,188	405,207	405,345	405,367

*See note 21.

The financial statements on pages 32 to 54 were approved by the Director and the Chairman.



Sir Mark Jones
Director and Accounting Officer
29 June 2011



Paul Ruddock
Chairman of Trustees
29 June 2011

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

The notes on pages 36 to 54 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000 Restated*
Net cash inflow from operating activities	a	10,417	15,725
Returns on investments	b	271	486
Capital expenditure and financial investment	b	(9,773)	(19,975)
(Decrease)/Increase in cash and cash equivalents	d	915	(3,764)

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

Net incoming resources	4,305	8,359
Investment income	(271)	(486)
Net incoming resources before transfer and revaluations	4,034	7,873
Donated assets acquired	(4,965)	(3,205)
Depreciation	9,995	11,133
Gain on fixed assets	(1)	233
(Increase) in stocks	(703)	(335)
Decrease/(increase) in debtors	(246)	833
(Decrease)/increase in creditors due within one year	2,021	(877)
Increase in provisions due within one year	367	139
(Decrease) in creditors due after one year	(121)	(122)
(Decrease)/increase in provisions due after one year	37	53
Net cash inflow from operating activities	10,417	15,725

b) Analysis of cash flows*Return on investments*

Investment income	271	486
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Capital expenditure and financial investment:

Payments to acquire tangible fixed assets	(8,480)	(18,821)
Purchase of investments	(2,437)	(2,266)
Proceeds from sale of investments	1,144	1,112
Proceeds from disposal of fixed assets	-	-
	(9,773)	(19,975)

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

(Decrease)/increase in cash in the period	915	(3,768)
Cashflow from change in Current Asset Investments	1,371	1,629
Movement in net funds in the period	2,286	(2,139)
Net funds at 1 April	9,911	12,050
Net funds at 31 March	12,197	9,911

d) Analysis of net funds

	At 1 April 2010 £'000	Cashflow £'000	At 31 March 2011 £'000
Cash at bank and in hand	2,335	915	3,250
Current Asset Investments	7,576	1,371	8,947
Net funds	9,911	2,286	12,197

The notes on pages 36 to 54 form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2011

1) Accounting policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities", applicable accounting standards, the requirements of the Companies Act and the Accounts Direction issued by the Department for Culture, Media & Sport in 2005 and in a form directed by the Secretary of State with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

The Museum is exempt from corporation tax under section 505 of the Income and Corporation Taxes Act 1998 on its charitable activities. The Museum's trading subsidiaries gift aid their profits to the Museum.

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

b) Fund accounting

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

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

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

c) Incoming resources

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

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

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

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

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

All other income is accounted for on a receivable basis.

d) Expenditure

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

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

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

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

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

All other liabilities are recognised as they fall due.

e) Heritage assets

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

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

Only items for which we have reliable information on cost or value have been capitalised. Such information is not readily available for items donated or acquired prior to 1 April 2001, and could only be obtained at a disproportionate cost.

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

f) Tangible fixed assets

Tangible fixed assets are accounted for using modified historical cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet. Additions to the Collection acquired since 1 April 2001 are capitalised at the cost or value of the acquisition, and are not depreciated.

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

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

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

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

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

g) Investments

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

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

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

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

h) Financial Instruments

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

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

Investments are stated at Fair Value and treated for accounting purposes as outlined in the policies above.

i) Stock and work in progress

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

j) Pension cost

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

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

k) Operating leases

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

l) Foreign currencies

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

2a Grant in Aid income

Grant in Aid of £44.32m was received from the Department for Culture, Media and Sport during the year (2010: £44.76m). This represents 59% of the total income for the Museum. The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2010-11 totalled £3.4m (2010: £3.4m).

2b Voluntary income

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000
Donations and Legacies	941	5,081	500	6,522	9,430
Corporate Members	186	–	–	186	149
Director's Circle	392	–	–	392	290
	<u>1,519</u>	<u>5,081</u>	<u>500</u>	<u>7,100</u>	<u>9,869</u>

3 Investment Income

Interest receivable	34	10	1	45	304
British Government stocks	–	–	216	216	–
UK equities	–	–	–	–	183
Overseas equities	10	–	–	10	(1)
	<u>44</u>	<u>10</u>	<u>217</u>	<u>271</u>	<u>486</u>

4 Net incoming resources: is stated after charging:

	2011	2010
	£'000	£'000
External Auditors' remuneration	60	60
Operating lease payments – Land and Buildings	639	646
– Other	504	349
Movement on provision for doubtful debts	7	24

5a Total resources expended

	Direct Costs £'000	Allocated Depreciation Support Costs £'000	£'000	Total 2011 £'000	Total 2010 £'000
<i>Cost of generating funds</i>					
Costs of generating voluntary income	2,592	245	292	3,129	3,519
Trading costs	10,561	–	134	10,695	8,852
Investment management costs	175	–	–	175	36
	<u>13,328</u>	<u>245</u>	<u>426</u>	13,999	12,407
<i>Charitable Activities</i>					
Collections & Visitors	23,230	9,485	8,414	41,129	41,386
Exhibitions & Contemporary	8,353	1,085	405	9,843	9,203
Learning	3,689	1,453	750	5,892	6,265
	<u>35,272</u>	<u>12,023</u>	<u>9,569</u>	56,864	56,854
<i>Governance costs</i> ¹	480	100	–	580	603
Total resources expended	<u>49,080</u>	<u>12,368</u>	<u>9,995</u>	71,443	69,864

¹ Governance Costs (Direct)

		Restated
External Audit Fees – Fee for the year	44	44
External Audit Fees – Adjustment for prior year	(1)	1
Internal Audit Fees	57	45
Legal Fees	5	2
Staff costs	320	350
Consultancy Fees	–	48
Other executive costs	155	113
	<u>580</u>	<u>603</u>

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

	Information Services & Support £'000	Projects & Estates £'000	Finance & Admini- stration £'000	Human Resources £'000	Other Central Costs £'000	Childhood – Admini- stration £'000	Total 2011 £'000
<i>Cost of generating funds</i>							
Costs of generating voluntary income	43	127	17	22	22	14	245
<i>Charitable Activities</i>							
Collections & Visitors	1,667	4,922	662	849	854	531	9,485
Exhibitions & Contemporary	190	563	76	97	98	61	1,085
Learning	256	754	101	130	131	81	1,453
	<u>2,113</u>	<u>6,239</u>	<u>839</u>	<u>1,076</u>	<u>1,083</u>	<u>673</u>	12,023
	<u>2,156</u>	<u>6,366</u>	<u>856</u>	<u>1,098</u>	<u>1,105</u>	<u>687</u>	12,268
<i>Governance</i>	–	–	100	–	–	–	100
	<u>2,156</u>	<u>6,366</u>	<u>956</u>	<u>1,098</u>	<u>1,105</u>	<u>687</u>	12,368

5b Wages and salaries

	2011	2010
	£'000	£'000
Wages and salaries	24,514	24,058
Social security costs	1,934	1,837
Pension costs	3,827	3,909
Agency and temporary staff	1,548	1,651
	31,823	31,455
Early retirement and severance costs	583	483
	32,406	31,938

During the year funding for restricted posts was received totalling £1,246k (2009-10: £861k).

V&A Enterprises Limited's staff costs were £4.932m (2009-10: £4.300m) of which £3.748m (2009-10: £3.234m) was for trading activities and £1.184m (2009-10: £1.066m) was for services provided to the Museum.

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

	2011	2010
£60,001 – £70,000	13	13
£70,001 – £80,000	4	4
£80,001 – £90,000	4	5
£90,001 – £100,000	4	2
£110,001 – £120,000	–	1
£140,001 – £150,000	–	1
£160,000 – £170,000	1	–
	26	26

Of the employees listed above, 20 (2010: 20) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £342,211 (2010: £383,345). The other 6 (2010: 6) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £41,420 (2010: £44,218).

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

5c Pension disclosure

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

For 2010-11, employers' contributions of £3.529m were payable to the PCSPS (2010: £3.659m) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2009/10 were between 16.7% and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

In July 2007, the Cabinet Office launched a new pension scheme called nuvos and closed all other occupational pension schemes to new entrants. As with previous PCSPS pensions, nuvos is a high quality, defined benefit scheme, but has a later pension age of 65.

Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. The balance of nuvos pension is increased in line with the Consumer Price Index each year.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution, rather than join a PCSPS scheme. Employer's contributions of £29,146 (2010: £42,409) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer's 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.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at the date were £nil.

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Aviva. Employer's contributions are made at an average of 10% and the total amount paid during the year was £268,860 (2010: £249,878).

5d Trustees

The Trustees neither received nor waived any emoluments during the year (2010: £nil).

One Trustees was reimbursed £86.40 for travel costs in 2011 (2010: £nil)

5e Average number of employees (*)

	2011	2010 Restated
Generating voluntary income	45	43
Trading	129	109
Collections & Visitors	542	551
Exhibitions & Contemporary	62	61
Learning	83	100
Governance	9	10
	870	874

(*) based on full-time equivalents.

Of the above employees – 789 are full time permanent employees of the Museum and its subsidiaries (2010: 818), 32 are externally funded posts (2010: 42), and the remaining employees are temporary staff. The figures for 2010 have been restated after more accurate information on part time staff became available.

6a Tangible fixed assets

Group	Land & Buildings £'000	Furniture & Fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2010	338,260	2,510	4,350	4,304	349,424
Transfers	4,068	-	-	(4,068)	-
Additions	3,770	908	1,005	968	6,651
Disposals	-	-	(138)	-	(138)
Revaluation	(14,541)	-	-	-	(14,541)
At 31 March 2011	<u>331,557</u>	<u>3,418</u>	<u>5,217</u>	<u>1,204</u>	341,396
Depreciation					
At 1 April 2010	965	1,677	2,945	-	5,587
Transfers	-	-	-	-	-
Charged for the year	8,537	419	1,039	-	9,995
Disposals	-	-	(136)	-	(136)
Revaluation	(8,529)	(72)	(576)	-	(9,177)
At 31 March 2011	<u>973</u>	<u>2,024</u>	<u>3,272</u>	<u>-</u>	6,269
Net book value					
At 31 March 2011	<u>330,584</u>	<u>1,394</u>	<u>1,945</u>	<u>1,204</u>	335,127
At 31 March 2010	<u>337,295</u>	<u>832</u>	<u>1,405</u>	<u>4,304</u>	343,836

The net book value at 31 March 2011 represents fixed assets of the Group for:

	Land & Buildings £'000	Furniture & Fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Direct charitable activities	330,584	1,048	1,840	1,204	334,676
Other activities	-	346	105	-	451
Total	<u>330,584</u>	<u>1,394</u>	<u>1,945</u>	<u>1,204</u>	335,127

Museum	Land & Buildings £'000	Furniture & Fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2010	338,260	2,304	4,215	4,304	349,082
Transfers	4,068	-	-	(4,068)	-
Additions	3,770	601	949	968	6,288
Disposals	-	-	(138)	-	(138)
Revaluation	(14,541)	-	-	-	(14,541)
At 31 March 2011	<u>331,557</u>	<u>2,905</u>	<u>5,026</u>	<u>1,204</u>	340,691
Depreciation					
At 1 April 2010	965	1,603	2,900	-	5,468
Transfers	-	-	-	-	-
Charged for the year	8,537	326	998	-	9,861
Disposals	-	-	(136)	-	(136)
Revaluation	(8,529)	(72)	(576)	-	(9,177)
At 31 March 2011	<u>973</u>	<u>1,857</u>	<u>3,186</u>	<u>-</u>	6,016
Net book value					
At 31 March 2011	<u>330,584</u>	<u>1,048</u>	<u>1,840</u>	<u>1,204</u>	334,676
At 31 March 2010	<u>337,295</u>	<u>701</u>	<u>1,315</u>	<u>4,303</u>	343,614

Land & Building

On the 31st March 2011 a desktop valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual, and included the refurbished spaces which came into use during the year. The site at South Kensington was valued at £312.7m, the site at Bethnal Green at £12.1m and the V&A's share of Blythe House at £6.8m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

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

All land and buildings are freehold.

6b Heritage Assets

Additions of £6.793m (2010: £6.154m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Opening balance b/fwd					
Donated objects (shown at valuation)	29,026	25,821	24,173	20,988	19,902
Acquisitions (shown at cost)	14,799	11,850	10,592	9,813	8,151
	43,825	37,671	34,765	30,801	28,053
Donations of objects by gift or bequest	3,703	2,295	623	2,959	543
Donations of objects under the acceptance in lieu scheme	1,262	910	1,025	226	543
	4,965	3,205	1,648	3,185	1,086
Acquisitions	1,829	2,949	1,258	779	1,662
Total Additions	6,794	6,154	2,906	3,964	2,748
Closing balance c/fwd					
Donated objects (shown at valuation)	33,991	29,026	25,821	24,173	20,988
Acquisitions (shown at cost)	16,628	14,799	11,850	10,592	9,813
	50,619	43,825	37,671	34,765	30,801

Further information on Museum's heritage assets

In total the V&A holds 1,165,946 museum objects and works of art within its collections, as well as 951,709 library items and 763 archival collections. At 7 March 2011, 56,921 items were on display with access to other items available through reading and study rooms or by arrangement. Further access can be obtained from reference facilities and publications, the Museum website, selected third party websites, and other electronic media. These objects are held within the following collections:

Asian Collections 125,124 objects and 1 archival collection:

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

Furniture, Textiles & Fashion Collections 82,410 objects:

The Western Furniture and Woodwork collections date from the medieval period to current times and are unique in their international scope. However, the greatest strength lies in the holdings of British furniture made between 1700 and 1900. The Textile collection is the world's largest and the most wide-ranging of its kind, covering all parts of the world, extending in date from the 3rd century AD to the present day, concentrating on Western Europe. The Fashion collection is the premier collection in the UK and consists of European (mainly French and English) fashionable clothes and accessories for both sexes. High quality 18th- and 19th-century fashion is a priority but primary emphasis is on contemporary material, especially the development of technologically advanced fabrics and their use in the fashion industry.

Sculpture, Metalwork, Ceramics & Glass Collections 106,090 objects:

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

Word & Image Collections 760,883 objects, 345 archival collections, 851,337 library items:

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

Childhood Collections 28,486 objects and 22 archival collections

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

Theatre & Performance Collections 62,953 objects, 395 archival collections, 100,332 library items.

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

Preservation & Management

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

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

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

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

7 Investments

		Group	Museum
		2011	2011
		£'000	£'000
Market value at 1 April as previously stated	Fixed Asset Investments	21,698	13,965
	Short Term Investments	7,576	7,576
Prior Year Adjustment	Fixed Asset Investments	(7,936)	–
	See note 21		
Market value at 1 April 2010 as restated	Fixed Asset Investments	13,762	13,965
	Short Term Investments	7,576	7,576
Add: Additions to portfolio		2,437	2,437
Less: Withdrawals from portfolio		(1,144)	(1,144)
Net gain/(loss) on revaluation		902	902
Market value at 31 March 2011		23,533	23,736
<i>of which</i>	Fixed Asset Investments	14,586	14,789
	Short Term Investments	8,947	8,947
Historical cost at 31 March 2011		22,403	22,605
Unrealised investment gain/(loss) at 31 March 2011		1,130	1,130
Analysis of gain by asset class		2011	2011
		£'000	£'000
	Gain/(loss) on assets Available for Sale	1,549	1,549
	Gain/(loss) on assets Held for Trading	(647)	(647)
		902	902
Investment assets in the UK	Government stocks & Corporate bonds	11,600	11,600
	Investment Funds	2,290	2,290
	Cash & currency hedges	2,350	2,350
	Unlisted Equities (trading subsidiary)	–	202
Investment assets outside the UK	Government stocks & Corporate bonds	352	352
	Multi Asset Investment Funds	6,941	6,941
		23,533	23,735

The Role of Financial Instruments

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

Liquidity and Credit Risk

The largest single source of income (i.e. 59%) is received by way of Grant in Aid which is drawn down according to need, and as a result the Museum is not exposed to significant liquidity or credit risk. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

Market Risk

Foreign Currency Risk

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

One bad debt, totalling £55k, was written off during the year, and a further general provision of £7k was made.

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

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

It is our policy to hedge a minimum of 90% of our foreign currency holdings. A 10% appreciation of the US dollar would have given rise to a nil increase in income, an increase in unrestricted funds of £20k, an increase in restricted funds of £3k and an increase in endowment funds of £9k. A 10% appreciation of the Euro would have given rise to a nil increase in income and a nil increase across unrestricted, restricted funds and endowment funds. A 10% appreciation of the Japanese Yen would have also given rise to a nil increase in income, and a nil increase across all of the funds. A 10% depreciation of the stated currencies would have an equal and opposite effect. These are the major currencies in which the Group's financial instruments are denominated.

Interest Rate Risk

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

8 Trading subsidiaries

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

A summary of the results of the subsidiaries is shown below:

	V&A Enterprises Limited	
	2011	2010
	£'000	£'000
<i>Profit and loss account</i>		
Turnover	12,712	10,539
Cost of sales	(4,760)	(3,735)
Gross Profit	7,952	6,804
Administrative expenses	(6,042)	(5,194)
Trading profit	1,910	1,610
Interest receivable and similar income	11	4
Loan interest payable	(15)	(15)
Payment under gift aid to Museum	(1,906)	(1,599)
Profit on Ordinary Activities before Taxation	-	-
Taxation	-	-
Retained in subsidiary	-	-
	2011	2010
	£'000	£'000
<i>Balance sheet</i>		
Tangible fixed assets	451	222
Current assets	4,716	4,341
Creditors due within one year	(3,964)	(3,360)
Creditors due after one year	(1,000)	(1,000)
Net assets	203	203
Share capital and reserves	203	203
Reconciliation of results of trading company to the consolidated Statement of Financial Activities:		
	2011	2010
	£'000	£'000
Turnover	12,712	10,539
<i>Intercompany transactions</i>	(26)	-
Trading income included within SOFA	12,686	10,539
Cost of sales	4,760	3,735
Administrative expenses	6,042	5,194
Interest payable	15	15
Taxation	-	-
<i>Intercompany transactions</i>	(122)	(92)
Trading costs included within SOFA	10,695	8,852
Interest receivable and similar income	11	4
<i>Intercompany transactions</i>	-	-
Included in Investment Income per SOFA	11	4

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

9 Debtors

	Group	Museum	Group	Museum
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Trade debtors	1,306	758	1,159	602
Less provision for Doubtful debts	(31)	(31)	(24)	(24)
Other debtors	174	120	221	152
Prepayments and accrued income	1,390	826	1,609	1,232
Prepaid exhibition expenditure	1,733	1,733	1,400	1,400
Recoverable taxation (VAT)	1,390	1,390	1,351	1,351
Amounts due from subsidiary undertaking	-	2,078	-	1,723
	5,962	6,874	5,716	6,436
Amounts falling due after one year				
Debtors – after one year				
Due from trading subsidiaries	-	1,025	-	1,025
	-	1,025	-	1,025

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

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

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

9.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011	2010	2011	2010
	£	£	£	£
Balances with other central government bodies	1,675	1,351	-	-
Balances with bodies external to government	4,287	4,365	-	-
Total debtors at 31 March	5,962	5,716	-	-

10 Creditors

	Group	Museum	Group	Museum
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	4,100	3,081	3,403	2,445
Other creditors	16	13	12	12
Accruals	5,737	4,990	4,887	4,300
Deferred income	223	223	109	109
Deferred exhibition income	821	821	485	485
Taxation and social security costs	1,006	888	986	887
Amounts owed to subsidiary undertaking	-	206	-	118
	11,903	10,222	9,882	8,356
Amounts falling due after one year				
Deferred income – after one year	2,866	2,866	2,987	2,987
	2,866	2,866	2,987	2,987

10.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011	2010	2011	2010
	£	£	£	£
Credit balances with other central government bodies	1,483	1,270	-	-
Credit balances with bodies external to government	10,420	8,612	2,866	2,987
Total creditors at 31 March	11,903	9,882	2,866	2,987

11 Deferred Income

	2011	2010
	£'000	£'000
As at 1 April	3,096	3,223
Deferred in current year	224	108
Released from previous year	(231)	(235)
As at 31 March	3,089	3,096

Of this balance £2.86m represents funds given to the Museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12 Provisions

	2011	2010
	£'000	£'000
As at 1 April	371	179
Provision in year	621	378
Paid in year	(217)	(186)
As at 31 March	775	371
Provisions – within one year	580	213
Provisions – after one year	195	158
	775	371

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

13 Financial commitments

At 31 March 2011 the Museum had annual commitments under non-cancellable leases as follows:

	2011		2010	
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	463	94	-	83
Between two to five years	143	162	530	153
After five years	112	-	112	-
	718	256	642	236

V&A Enterprises Limited have annual commitments under non-cancellable operating leases, which expire between two and five years, of £144k. The other subsidiaries of the Museum do not have any financial commitments.

14 Statement of funds

	As at 1 April 2010 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fixed Assets – Gains/ losses on Revaluation £'000	Invest- ments – Gains/ losses under Fair Values £'000	As at 31 March 2011 £'000
Unrestricted Funds							
General Income funds	597	60,793	(59,366)	(1,143)	–	–	881
Designated Income funds	8,103	31	(362)	73	–	492	8,337
Designated Capital funds	349	–	–	–	–	–	349
Total Unrestricted Funds	9,049	60,824	(59,728)	(1,070)	–	492	9,567
Restricted Funds							
Restricted Funds							
<i>Restricted Income Funds</i>							
– Acquisitions for the Collection	(226)	875	–	(461)	–	6	194
– Restricted Income funds	1,322	2,895	(2,496)	(167)	–	232	1,786
– Museum Development	1,763	2,072	701	(2,961)	–	128	1,703
– Endowment funds	1,074	–	(21)	(58)	–	141	1,136
	3,933	5,842	(1,816)	(3,647)	–	507	4,819
<i>Restricted Asset Funds</i>							
Restricted Capital funds ²	266,097	3,285	(9,861)	3,003	–	–	262,524
Revaluation Reserve	77,167	–	–	–	(5,364)	–	71,803
Heritage Assets ¹	43,825	5,080	–	1,714	–	–	50,619
	387,089	8,365	(9,862)	4,718	(5,364)	–	384,946
Total Restricted Funds	391,022	14,207	(11,677)	1,070	(5,364)	507	389,765
Endowment Funds							
Endowments	5,274	717	(38)	–	–	(97)	5,856
Total Endowment Funds	5,274	717	(38)	–	–	(97)	5,856
Total Funds	405,345	75,748	(71,443)	–	(5,364)	902	405,188

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

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

Unrestricted funds general

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

Unrestricted funds designated

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

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

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

Restricted funds

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

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

Museum Development funds – funds received in relation to FuturePlan projects

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

Restricted Capital funds – expenditure funded from restricted sources, including capital grant in aid, on assets which have been capitalised.

These funds represent the movements of the fixed assets and agree to the balance sheet values.

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

Endowment funds

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

Fair Value

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

	2011	2010
	£'000	£'000
Unrestricted	644	526
Restricted	238	124
Endowment	248	318
	1,130	968

15 Statement of fund commitments as at 31 March 2011

	As at 31 March 2011 £'000	As at 31 March 2010 £'000 Restated
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds (excluding investment in VAE)	678	394
Designated income funds	8,337	8,103
	9,015	8,497
Funds raised for specific purposes:		
Restricted income funds	4,819	3,933
Total funds available for spending	13,834	12,430
<i>Funds not available for Trustees' spending:</i>		
General income funds – share capital of V&A Enterprises	203	203
Endowment funds (Capital element)	5,856	5,274
Capital funds (Fixed Assets)	385,295	387,438
Total funds not available for spending	391,354	392,915
Total funds in balance sheet	405,188	405,345

16 Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000
Fund balances at 31 March 2011 are represented by:					
Tangible fixed assets	800	384,946	–	385,746	387,661
Investments	7,380	1,333	5,873	14,586	13,762
Current assets	16,895	3,505	–	20,400	17,162
Current liabilities	(12,447)	(19)	(17)	(12,483)	(10,095)
Liabilities due after one year	(3,061)	–	–	(3,061)	(3,145)
Net assets	9,567	389,765	5,856	405,188	405,345

17 Capital commitments

	2011 £'000	2010 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	991	519

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

18 Related Party Transactions

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

Related Party	Relationship	Donations /Grants Received £'000	Amount Sold £'000	Amount Purchased £'000	Year end balance Debtors £'000	Year end balance (Creditors) £'000
British Museum	DCMS funded bodies	171	56	295	-	(7)
National Museum of Science & Industry		-	22	28	13	-
Natural History Museum		-	29	1,093	-	(468)
National Heritage Memorial Fund		85	-	-	-	-
Exhibition Road Cultural Group	V&A staff are officers or Trustees	-	23	-	5	-
Friends of the V&A		321	37	37	10	-
Gilbert Trust for the Arts		101	-	-	-	-
Pearson Group	V&A Trustee is Director	8	65	-	15	-
Royal College of Art	V&A Director is a Trustee: V&A Trustee is Rector	-	265	67	269	(2)

Two trustees donated a total of £2,153,450 to the Museum during the year (including Heritage Assets with a value of £1,641,750).

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

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

19 Contingent Liabilities

There are no contingent liabilities as at 31st March 2011 (2010: Nil).

20 Post Balance Sheet Events

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

21 Changes in accounting policies and prior year adjustments

The following changes have been made to the accounting policies in the year, and prior years figured restated as required by FRS3 Reporting Financial Performance

Cost of Capital

As a result of a change to the FReM, we are no longer required to disclose a Notional Cost of Capital, so this has been omitted from the accounts. There is no impact on prior years balances as a result of this change."

Gilbert Trust for the Arts

Following a review of the operation and governance structure of the Gilbert Trust for the Arts, its accounts should not be consolidated with those of the Museum, and they should also not have been consolidated in the previous year. Given the materiality of the amounts involved, this is treated as a 'prior period adjustment'. FRS3 Reporting Financial Performance requires that the comparative income and expenditure amounts for the 2009-10 year are restated as well as the balance sheet amounts as at 31 March 2010 and 31 March 2009.

The effect on each relevant line has been as follows:

SoFA	2009-10 £000	Balance Sheet	£000
Donations, Legacies and Similar income	266	Closing Total Funds as originally stated (31 Mar 2010)	413,406
Investment Income	(196)	Cumulative prior period adjustment	(8,061)
Total Incoming resources	<u>70</u>	Closing Total Funds as restated	<u>405,345</u>
Investment Management Costs	31		
Governance costs	18		
Total Resources Expended	<u>49</u>		
Net Incoming resources	119		
Gains/Losses on investment assets	<u>(797)</u>		
Net Movement in Funds	<u>(678)</u>		



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